Daily Report

Latin America

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FBIS-LAT-90-205 *23 October 1990*

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Weekly Roundup on Drug Seizures in Region

PA2210155290

[Editorial Report] Following is a compilation of reports on drug seizures and arrests related to drug trafficking in bureau coverage area from 15 to 21 October. Source follows in parentheses after each item.

Colombia

During antidrug operations launched in Simiti, San Pablo, and Santa Rosa, in northern Colombia, soldiers found approximately 2,000 hectares of farm land planted with 80 million coca plants. During the operation, the soldiers arrested 103 persons and seized many weapons and ammunition, chemicals used for processing cocaine, and 30 vehicles used to transport the drug. The coca plantation was guarded by members of the Revolutionary Armed Forces of Colombia, FARC. The soldiers also destroyed six cocaine processing laboratories that had been installed in six farms in the area. Likewise, the Colombian police seized 852 kg of cocaine in La Guajira, 1,000 km northeast of Bogota. The drug, which was hidden in a warehouse, was packed and ready to be shipped to the United States. [Paris AFP in Spanish 0141 GMT 16 Oct 90]

The Colombian Army has located another cocaine processing laboratory hidden in the jungles in southern Colombia. The laboratory was found near La Hormiga, Putumayo, 560 km south of Bogota, during an army operation to locate FARC rebels. According to Army spokesmen, up to 8,000 kg of cocaine per month could be produced at the site. The soldiers also found 750 kg of coca leaves and chemicals used in the processing of cocaine hidden near the laboratory. [Hamburg DPA in Spanish 1549 GMT 17 Oct 90]

The Colombian police today in Bogota seized 110 kg of cocaine found in a warehouse where drug traffickers store drugs that are ready for shipment to the United States and Europe. No arrests were made. [Hamburg DPA in Spanish 2323 GMT 19 Oct 90]

Heavy blows have been dealt by the Colombian authorities to the drug trafficking mafia over the past few days. Seven clandestine airstrips and four cocaine processing laboratories have been destroyed. Police spokesmen have reported that the airstrips were found in various areas of Tolima Department and that there are signs that these strips were used by drug traffickers to ship their drugs to other countries. The police also reported that two of the laboratories found by the police were located in El Dovio, Cauca Department. During the operation, the police seized 10,653 kg of coca leaves and chemicals used to process the drug. The two other laboratories were found in Leyva, Narino Department. There the police seized 1,200 kg of coca leaves ready for processing. No arrests were reported. [Hamburg DPA in Spanish 1609 GMT 20 Oct 90]

Guatemala

A huge poppy plantation was destroyed on 15 October by members of the SIPROCI [Civil Protection System] in Tzajuyup, Santa Catarina Ixtahuacan, Solola Department. No arrests were reported. Approximately 32,000 poppy plants were destroyed during the operation. The exact number of poppy plantations discovered this year is not known; however, it is known that 43 persons have been arrested for drug related crimes and of these, 10 are foreigners. [Guatemala City LA HORA in Spanish 16 Oct 90 p 7]

The Guatemalan police have arrested Salvadoran citizen Ana Luz de Martinez for possession of cocaine. Martinez was trying to enter the country with 2,134 grams of cocaine she was brining in from San Andres Island, Colombia. Martinez was arrested on 18 October at La Aurora International Airport in Guatemala City. [Panama City ACAN in Spanish 1805 GMT 20 Oct 90]

Mexico

The Mexican Federal Judicial Police (PJF) have reported that policemen destroyed a heroin processing laboratory in Culiacan, Sinaloa, and seized half a ton of marijuana in Mexicali, Baja California. PJF commander in Sonora, Christian Peralta Perez, reported that alleged heroin traffickers Santana Soto Bueno, Eligio Soto Noriega, and Javier Bernal Aguilar, all residents of Culiacan, were also arrested. [Mexico City NOTIMEX in Spanish 0211 GMT 17 Oct 90]

During a search of La Purisima Ranch in Chihuahua State, the anti-drug police found 4.5 tons of cocaine hidden in the trunk of a car. The police reported that this seizure is not related to the 16 and 17 October drug bust during which 6 tons of cocaine were seized at a clandestine airstrip located near Ciudad Jimenez. The drug was seized after the police spotted seven twin-engine planes entering Mexican airspace from Colombia. Three of the seven planes were also seized. [Mexico City XHTV Television in Spanish 0200 GMT 19 Oct 90]

The Attorney General's Office has reported that the PJF seized two tons of marijuana and destroyed a marijuana plantation in Guaymas Municipality, Sonora State. Likewise, in the area of Alamo Seco, the PJF arrested 11 alleged drug traffickers and burned 20 hectares planted with marijuana. [Mexico City NOTIMEX in Spanish 2000 GMT 20 Oct 90]

During operations carried out in five states throughout the country, the PJF destroyed 31 marijuana and poppy plantations and arrested 20 drug traffickers. In Chihuahua State two poppy and one marijuana plantations were destroyed; 10 persons were arrested; and a ton of marijuana, 2 kg of marijuana seeds, and 100 grams if opium paste were seized, and a drying room was burned. In Michoacan, five marijuana plantations were destroyed, five persons arrested, and

three kg of marijuana seeds and high-powered weapons were seized. Likewise, in Alamos Municipality, Sonora, the PJF destroyed nine marijuana plantations and seized 25 kg of the drug. [Mexico City NOTIMEX in Spanish 1627 GMT 21 Oct 90] Panama

In statements to the press, Customs Director Rodrigo Arosemena said that since the beginning of the year, the Customs Directorate has seized 800 kg of cocaine, worth $400 million on the U.S. market. [Panama City EL DIARIO INDEPENDIENTE in Spanish 15 Oct 90 p 3]

Venezuela

General Manuel Ibedaca Romero, commander of the Venezuelan National Guard, told reporters that during three separate operations carried out in early October, 128 kg of cocaine was seized and five persons were arrested. The operations were carried out in Maracay, Maracaibo, and at the Simon Bolivar International Airport in Maiquetia. Gen. Ibedaca reported that the drug seized in Maracaibo and at the Simon Bolivar International Airport was being sent to Miami. [Caracas EL NACIONAL in Spanish 9 Oct 90]

Inter-Caribbean Affairs

Paper Proposes Relocation of Caricom Headquarters

FL2210151090 Bridgetown CANA in English 2103 GMT 21 Oct 90

[Text] St. George's, Grenada, Oct 21, CANA—GRENADA TODAY, an independent weekly newspaper, has called for the removal of the Caribbean Community (Caricom) secretariat from Guyana because of "severe communications problems" between Georgetown and other Caricom member states .

The paper, in an editorial, said this was an important step towards any further deepening of the integration process among Caricom countries. It proposed relocating the secretariat "to a more central island where the facilities are in place for better communication."

"It is all well and good to show (Guyanese) President Desmond Hoyte the good smile at Caricom summits, but it is another thing when the peoples of the region have no attachment with a secretariat which is there to service their needs," the paper said. "The issue (of relocating the secretariat) needs to be addressed urgently and looked at square in the face by those leaders who are pushing for the regional unity idea.

"Guyana is known to be experiencing severe communications problems due to frequent electricity failures, its telephone service is in dire need of an overhaul, and flights in and out of the country are usually booked," GRENADA TODAY noted.

Bankers Consider Relaxing Exchange Controls

FL2210160290 Bridgetown CANA in English 1728 GMT 21 Oct 90

[Text] Georgetown, Guyana, Oct 21, CANA—A senior official of Jamaica's Central Bank says the country is taking seriously warnings about the need for such institutions in the Caribbean to relax exchange controls.

Dr. Owen Jefferson, deputy governor of the Bank of Jamaica, noted that former governor of the Barbados Central Bank, Dr. Courtney Blackman warned recently that if Caribbean Central Banks insist on maintaining exchange controls, they may one day find that Guyana which has virtually abolished exchange controls, has become the financial centre of the Caribbean.

"We in Jamaica are taking this warning very seriously and although we have not yet gone as far as Guyana in abolishing exchange controls, we have liberalised our exchange rate determination machinery," Jefferson said in an after-dinner speech here at celebrations marking the 25th anniversary of the Bank of Guyana.

He said Jamaica plans, over time, to relax gradually its exchange controls, conscious of the fact that rather than attracting money to a country, controls keep money out and do not prevent money leaving. The Guyana approach has shown that the Guyana Central Bank is not averse to implementing bold solutions to difficult problems and this is the only way of the region getting out of its current difficult sitiuation, he stated.

"Over and above that, we have to try to release the productive energies of the population through innovation and enterprise so as to increase production with the overall aim of improving living standards."

Jefferson said when he looks around and sees what is being done in Guyana, he has "no doubt at all, that Guyana will emerge from its present problems and become a very strong economy in the Caribbean."

He told the gathering that over the last 10 years, central bankers in the region have learnt certain lessons as far as central banking and economic management are concerned. "These lessons are simple. We must control the public sector deficit. You can't print your way out of money (problems) because unfortunately, you can print domestic currency, but you can't yet print the foreign counterpart. And if you print the local currency without foreign support, you simply get more inflation which doesn't solve anything," he declared.

Jefferson continued: "We also have to maintain realistic exchange rates which will encourage exports and discourage imports.... We have to run the right mix of monetary, financial, and income policies which will set the economy on the right path.

"Over and above that, we have to try to release the productive energies of the population through innovation and enterprise so as to increase production with the overall aim of improving living standards."

Barbados

Opposition Leader Condemns Government Performance

FL2210180090 Bridgetown CANA in English 1955 GMT 21 Oct 90

[Report by Reudon Eversley]

[Text] Bridgetown Barbados, Oct 21, Cana—Saying Barbados was in its "worst shape" since independence in 1966, Barbados Labour Party (BLP) leader Henry Forde on Sunday flayed the Sandiford government for "indecision and impotence" and promised a fundamental change in direction under a BLP administration.

The minority opposition leader, addressing the last BLP annual conference before the next general election, cited further slippage in the economy since March, growing disregard for law and order, and a loss of confidence in the political system among young people in the face of high unemployment.

"Knowledge of (our past) record (in government) strengthens the confidence of our party in our ability to lift our country out of its present morass and restore it to the heights which it attained under the late Sir Grantley

Adams and his illustrious son, Tom Adams," Forde said. The BLP, oldest of the three main political parties here, was stripped of its role as official opposition last year, after four members of the governing Democratic Labour Party (DLP), led by former Finance Minister Richie Haynes, crossed the floor and founded the National Democratic Party (NDP).

Forde, a former attorney-general and foreign minister, preempted what he said was a forthcoming Central Bank statement on the economy by citing figures indicating a worsening of economic conditions since March. He said real output was now expected to fall by almost four percent this year, foreign reserves had declined by almost Bds 50 million dollars (one Bds dollar = 50 cents U.S.) since March, and net commercial bank credit to the government had risen by 150 million dollars between last December and July. Credit to the private sector over the same period had declined by 15 million dollars, he said.

"The Sandiford recipe of high taxation, runaway spending, credit squeeze, and indifference to the concerns of the productive sectors offers no prospect of relief in the immediate future," Forde said. "We call on Sandiford to spare the economy from further damage and call elections without delay so that a BLP government can restore the economy and provide hope and opportunity once more for our people." Forde suggested that recent increases in fuel prices would further undermine the economy, forecasting higher electricity and water bills, the closure of marginal businesses, increased unemployment, and a decline in the competitiveness of key sectors.

Arguing that stable energy costs were crucial in an open economy like Barbados, the BLP chief said government should have absorbed the price hikes—which Prime Minister Erskine Sandiford blamed on the Gulf crisis—by adjusting the consumption tax built into the retail price of petroleum products. "The consumption tax on energy should not be treated as a simple item of taxation to boost revenue yield. It is an important instrument of energy policy and should be increased or reduced as is necessary to keep prices stable," he said.

Giving a glimpse into the economic programme of a future BLP government, Forde, who served in the 1976-81 cabinet of the late Prime Minister Tom Adams, said the thrust of development policy would be geared towards transforming Barbados into an export service economy.

"As a matter of economic policy, we must stop seeing the future of Barbados as that of a labour-intensive, import-substitution, manufacturing location," he said. "Our future lies most of all in our developing Barbados into becoming a viable and vibrant export service economy, with tourism and the offshore financial and international business sectors being crucial to that process."

Forde continued: "Development policy must recognise this new direction. Previously, the main tools of policy were fiscal measures and market protection devices. There must now be a new emphasis on human resource development, the development of technological capabilities, and the strengthening of institutions which promote and support economic activity—particularly our training and our financial institutions."

Forde said a BLP government would expand the role of the state-run Export Promotion Corporation (EPC) to include more active involvement in the development of foreign markets for Barbadian goods and services. He also promised creation of a research and development fund to finance research in design, process, and product development, and "any other activities designed to maximize the use of local resources and facilitate the development of new technology and the adaptation of existing ones."

With respect to manufacturing, Forde promised more tax incentives for investment in product and process development, quality control and design, as well as the establishment of a no-tax regime for all inputs used in the manufacture of goods for export.

"We will devise and implement an across-industry policy on packaging materials, treating them as being integral to the production effort, particularly for export, and hence deserving of the same treatment as the importation of raw materials, intermediate, and capital goods," the BLP leader said.

"We will also provide incentives for Barbadian entrepreneurs to make full use of international franchises and licences as a means of improving their access to modern technology, and management systems, and as a means by which the range of products for export can be expanded."

Regarding the offshore financial sector, Forde promised the creation of a single government institution to handle all matters pertaining to its future development, including promotion. The privatization of state companies, and the sale of their shares to employees, small investors, and cooperatives, to further the BLP's goal of making Barbados "a genuine property-owning democracy," would be another key feature of a BLP government's economic strategy.

"Generally speaking, state enterprises must be privatised. We cannot afford the 150 million dollars they presently cost us in indirect transfers," said Forde. State companies here include the Arawak Cement Company and Caribbean Air Cargo, both of which are jointly owned with the government of Trinidad and Tobago, the Caribbean Broadcasting Corporation, which operates two radio stations and the island's lone television service, the Transport Board, which runs the national bus service, and a company which owns hotel and convention centre properties on behalf of the government.

Forde also proposed a rehabilitation plan for the debt-ridden, sugar-dominated agricultural sector. The package includes debt rescheduling and relief. Forde

noted, however, that economic development was impossible in an atmosphere of lawlessness. Among steps towards restoring law and order, he said a BLP government would establish a national commission on youth to probe the reasons for the growing restlessness among young people.

He also promised a reorganisation of the police force, the provision of adequate support equipment, and the placing of more officers on the beat. Other key elements of the BLP crime-fighting strategy include the modernization of outdated criminal legislation, modernization of the penal system, and addressing current police grouses related to pay and physical accommodation which have been linked to low morale in the police service.

"A contented police force.... is essential to the maintenance of law and order. It is also pivotal to the creation of a climate which is essential for our economic and social development," Forde said.

Sandiford Denies Charges

FL2210173390 Bridgetown CANA in English 1706 GMT 22 Oct 90

[Text] Bridgetown, Barbados, Oct 22, CANA—Amid growing opposition criticism of his government's performance, Prime Minister Erskine Sandiford on Sunday night sought to focus public attention on national successes under his four and a half year old administration.

"Instead of trying to pull Barbados down, we should be looking at our achievements and stop being a nation of complainers," Sandiford told a constituency branch meeting of the ruling Democratic Labour Party (DLP).

Following some slippage in the Barbados economy this year after recent years of growth, both the opposition National Democratic Party (NDP) and the Barbados Labour Party (BLP) have been lambasting the government and blaming it for the downturn. The attacks come amid a build-up to general elections.

Sandiford said tourist arrivals, which slipped this year, had reached a record 465,323 in 1989. He also said the island's per capita income had reached a new record in 1989, with the economy registering the highest ever level of output.

"If we use the international yardstick, we would see that by 1989, Barbados was producing the highest quantity of goods in real terms than it has ever produced in (its) history....," he said.

Sandiford pointed to the open nature of the Barbados economy, with its heavy dependence on North America, a major source of tourism business. He attributed the fall-off in tourist arrivals this year to a present slowdown in both the U.S. and Canadian economies.

Urging Barbadians not to be misled, Sandiford said the BLP expected the government to perform miracles on every occasion. He said it was impossible to achieve record performance all the time. At the BLP annual convention earlier in the day, party leader Henry Forde had stepped up criticism of the government's economic management and called for immediate elections.

Sandiford said Barbadians also should not be "misled" by opposition criticism of recent hikes in petroleum prices. Citing similar increases worldwide, Sandiford suggested it was impossible for Barbados to do otherwise.

Sandiford took a swipe at the BLP's performance when it formed the government from 1976 to 1986. He said the BLP had presided in 1981 over the "worst recession" to hit Barbados since the thirties.

He commented on the defection of former government senator Gertude Eastmond to the NDP, formed last year by four former DLP parliamentarians, including ex-Finance Minister Richie Haynes, who crossed the floor. He said if other DLP members wanted to leave, they should do so.

"We want no wolves in sheep's clothing," he declared.

Sandiford said elections would be held not later than May 28, 1991, the fifth anniversary of the last general elections in 1986. He, however, said: "the legal term of office does not really end on May 28. It can go beyond that."

Dominican Republic

PRD Leader Proposes New Government Structure

FL2210184890 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 22 Oct 90

[Text] The Dominican Revolutionary Party [PRD] has formally proposed the formation of a council of state to assume the tasks of government administration with President Joaquin Balaguer exercising only the role of head of state.

The political party has suggested, at the same time, that this council be formed with representatives of the various parties including the Social Christian Reformist Party.

The proposal of the white party is included in a 22-page paper read by the president of that organization, Dr. Jose Francisco Pena Gomez, on a local television program in the presence of various PRD officials.

Government Institutes Personnel Changes

FL2210131890 Santo Domingo Cadena de Noticias in Spanish 0930 GMT 22 Oct 90

[Text] Dr. (Noe Sterling Vasquez) has been appointed secretary of industry and commerce, to replace Dr. Arturo Martinez Moya [as heard], who is now president of the Dominican Oil Refinery.

In addition, Dr. Rafael Gautreaux was appointed ambassador to Spain, and Dr. Prim Pujals Nolasco was appointed consul general in Caracas, Venezuela, to replace Alfonso Arias. Ramon Moquete Perez was appointed member of the Executive Directorate of the Dominican Workers Bank, to replace both Virgilio Malagon Alvarez, now in charge of the Investment Fund for Development, and Miguel Armando Betances, alternate member of the bank directorate.

Finally, the government named Teo Veras, Jose Harris, and Enrique De Marchena as members of the board of directors of the Corporation for the Promotion of the Hotel Industry and Tourist Development.

Official Notes 'Total Paralysis' in Countryside

FL2210152690 Santo Domingo Cadena de Noticias in Spanish 0930 GMT 22 Oct 90

[Text] The vice president of the Agriculture Commission of the Senate has said that there is total paralysis in the Dominican countryside. (Winton Guerrero) said that in the Dominican countryside, nothing is being planted by the government sector.

The PRD [Dominican Revolutionary Party] legislator said that production of input materials for national agro-industry is also paralyzed.

The legislator said that the lack of economic resources for the Dominican countryside presents a very complex problem to the country.

Government Accused of Human Rights Violations

FL2210152890 Santo Domingo Cadena de Noticias in Spanish 0930 GMT 22 Oct 90

[Excerpt] If the authorities do not release peasant leaders Eufemia Priat and Juan Paniagua, theirs will be the 40th case of human rights violations. A statement to this effect was made by labor activist Francisco Antonio Santos, who said that if this occurs, he will report it to international organizations.

The secretary general of the General Federation of Workers [CGT] insisted that President Joaquin Balaguer's government is heading toward dictatorship. He said that the government, over the past 30 days, has refused to allow demonstrations by workers, prisoners have been beaten, and the constitution has been frequently violated.

Francisco Antonio Santos insisted that Eufemia Priat and Juan Paniagua should be released as soon as possible, in line with a court order to this effect. [passage omitted]

Haiti

CEP Makes More Revisions in Election Schedule

FL2210191590 Port-au-Prince Radio Metropole in French 1600 GMT 19 Oct 90

[Text] Upon the request of several political leaders, the Provisional Electoral Council [CEP] extended the deadline date for registering candidacies until 21 October at 6:00 pm. The amended calendar, modified a second time by the CEP, is as followed:

21 October —end of registration for presidential candidates

14 October —last day to challenge presidential candidates

28 October —last day for candidate withdrawal

29 October —issuing of certificates

31 October —certificate of deposit of candidacy without challenge

3 November—final day for CEP decision on challenges to candidacy.

6 November—CEP approval of candidacy

16 December—first round of elections.

Justice Minister Answers Army Chief on Lafontant

FL2210201090 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 22 Oct 90

[Excerpt] Justice Minister Labissiere responds to commander-in-chief of the Army, General Herard Habraham's questions about the arrest warrant against Dr. Roger Lafontant, which has never been executed, by asking the general a question: What is the difference between the role of the court and the role of the police in the service of justice. Such is Minister Labissiere's answer to General Abraham's letter—dated 15 October—asking Labissiere for his position concerning the warrant issued against Dr. Roger Lafontant by lawyer Bayard Vincent [the government commissioner].

Minister Labissiere said that this matter interests him as justice minister. He says that the government commissioner, Bayard Vincent, acted correctly by issuing the summons against Dr. Roger Lafontant on 10 July 1990, giving the public force and the police the power to seek, to arrest, and then to bring the accused before the court. As long as this summons is not executed, so that after the cross-examination what has to be done can be done, no proceedings will begin. That means it is the commander-in-chief of the Army who is responsible for giving the court information so that the police may execute this summons.

As the police is under the control of the high command of the Army, it is not the responsibility of the justice minister to tell the commander of the Army what to do.

Instead, the commander of the Army must give the court explanations about the behavior of the Army.

By mixing up the action of the government commissioner, and the proceedings Dr. Roger Lafontant has instituted before the court against Commissioner Vincent about his arrest, there is much confusion but these are really two separate matters. [passage omitted]

Jamaica

Manley Defends Government Deregulation Policy

FL2210153090 Bridgetown CANA in English 1502 GMT 22 Oct 90

[Text] Kingston, Jamaica, Oct 22, CANA—Jamaica's Prime Minister Michael Manley on Sunday blamed the Gulf crisis and elements of the government's programme with the International Monetary Fund (IMF) for contributing to soaring prices here.

Manley, addressing supporters at a public meeting in his Kingston and Port Royal constituency, defended the government's policy of deregulating the economy, saying it was not the cause. He said local fuel prices increased as a result of the Gulf crisis which pushed up the world market price of crude oil from U.S. 18 to nearly U.S. 40 dollars a barrel. He also drew a link to some food price increases. Manley said terms attached to the IMF agreement calling for an end to subsidies on certain food items and medicine was another contributor to the higher cost of food.

"It is not deregulation that caused these price increases but.... the decision that we cannot continue to carry the subsidies," he said.

Since the government announced it was allowing the private sector a freer hand in running the economy, food prices have risen sharply. Official statistics show the consumer price index for August rising by three per cent over July's index of 143.

Last week, another round of price increases were announced on tyres, chicken, soft drinks, and beer.

The Jamaica dollar has fallen by 15 percent against its American counterpart since August when the government announced the dollar would be floated as part of the deregulation plan. One U.S. dollar currently trades for 8.08 Jamaica dollars.

Manley's appearance in his constituency was his first since recovering from recent surgery for prostate cancer. He said he was back stronger than ever and with his spirit more confident than before his illness.

Through deregulation, he said, the government was embarking on a path to release the creative energies of the Jamaican people.

"We are embarking on a course based on faith in the people and a course intended to set the energy of the people free."

In an impassioned speech, the Jamaican leader appealed for understanding of the issues involved and urged the crowd not to listen to propaganda. Manley is expected to outline in more detail the government's economic policies when the ruling People's National Party (PNP) hold its annual party conference on November 4.

JLP Leader Seaga Names New Shadow Cabinet

FL2210183090 Bridgetown CANA in English 1713 GMT 22 Oct 90

[Text] Kingston, Jamaica, Oct 22, CANA—Opposition leader Edward Seaga on Sunday night named a new Jamaica Labour Party (JLP) shadow cabinet at a public meeting in Kingston. The shadow cabinet comprises elected members of Parliament, senators, and former parliamentarians.

The members are Neville Lewis—national security, Mike Henry—local government, Enid Bennett—social security and women's affairs, Audley Shaw—public utilities, and Derrick Smith—transport.

Also appointed were Dwight Nelson—labour, Astil Sangster—agriculture, Ryan Peralto—trade and industry, St. Clair Shirley—housing, Keith Russell—youth, sports, and community development, Charles Sinclair—public service, and Hector Wynter—information and culture.

The new appointments came in the wake of the sacking of Pearnel Charles, Karl Samuda, Errol Anderson, Edmund Bartlett, Douglas Vaz, and Joan Gordon-Webley as shadow ministers. The group has been at loggerheads with Seaga for the last six months and has been accused by him of leaking party secrets to the local press and of trying to "sabotage" his leadership.

When they were stripped of their shadow ministries, the dissidents were told that they would not represent the party in future elections.

In a broadcast on Sunday, Douglas Vaz said the so-called gang of five was willing to follow the leadership of Seaga if he adhered to the "full observance of all democratic rights of all party members." The group, he said, never wanted to change Seaga as leader of the JLP, but only wanted him to change his leadership style which has been described as autocratic.

Marijuana Exports Said To Decline 'Drastically'

FL2210141790 Bridgetown CANA in English 1459 GMT 21 Oct 90

[Text] Kingston, Jamaica, Oct 21, CANA—The Jamaican Government's eradication and crop substitution programme has resulted in a fall in marijuana exports from 2,000 tons a year to just over 300 tons, a top British customs officer has estimated.

Geoff Thorne, senior executive officer of the United Kingdom Customs and Excise Directorate told an anti-drug seminar in Kingston that Jamaica's marijuana exports to Britain had declined drastically, mainly because of the initiatives of the Jamaican Government. Thorne noted that the decline in marijuana exports from Jamaica was noteworthy as there was a tendency for illicit drug exports to increase in a country starved for foreign exchange.

There was, however, a worrying trend to use the strategic transhipment location of Jamaica and other Caribbean Islands to ship hard drugs like heroin and cocaine to the United States and Europe, he said. Barbados, Trinidad and Tobago, and St. Lucia were being used increasingly to tranship the drugs to these destinations, he added. He said that an increasing number of Jamaicans were "body carrying" cocaine into the U.S. and Europe.

Jamaica's minister of national security, K.D. Knight, told the seminar, attended by representatives of the Caribbean transportation industry, that the need to eradicate the drug trade was putting a tremendous burden on the island's human and financial resources.

The economy had suffered from the withdrawal of shipping lines, and the profitability of the national airline, Air Jamaica, was being compromised because of huge fines by U.S. Customs when marijuana was found on its aircraft. Jamaica, he added, had implemented a number of initiatives to stem the drug trade but there must be a focus on demand reduction.

"If there is no drug user, there is no smuggler," Knight said. Jamaica, he stated, was moving towards the enactment of legislation to deal with money laundering and the seizing of drug assets.

Minister Deflects Blame for Typhoid Epidemic

FL2210140190 Bridgetown CANA in English 2130 GMT 20 Oct 90

[Text] Kingston, Jamaica, Oct 20, CANA—Three persons including a child have died from the latest outbreak of typhoid fever in the southwest coastal town of Savanna-la-Mar and the number of typhoid cases reported has risen to 163, Jamaican health officials reported. The latest count of hospitalised cases was 39 females, 51 males, and 69 children.

Health officials have not been able to pinpoint the source of the latest outbreak, but say that the canals which surround the town are a likely source, as well as improper sanitation.

Meanwhile, Health Minister Easton Douglas said his ministry cannot be blamed for the latest outbreak in the parish. He was responding to a recent newspaper editorial accusing the ministry of complacency which led to the resurgence of the disease. An earlier outbreak of the disease in Savanna-la-Mar killed four persons.

Douglas said that his ministry had taken certain safety measures after the first outbreak in August such as removing sidewalk vendors who he said continued to defecate in nearby canefields. He said there were adequate supplies of drugs to fight the disease and that the Savanna-la-Mar hospital was "in a state of readiness" to deal with the situation.

Montserrat

Osborne Threatens To Discipline Minister

FL2210184790 Bridgetown CANA in English 1818 GMT 22 Oct 90

[Text] Plymouth, Montserrat, Oct 22, CANA—Montserrat's Chief Minister John Osborne called on Communications and Works Minister Benjamin Chalmers on Monday to apologise and retract statements that Osborne had lied to the island's cabinet. Osborne said the statement was false and warned that unless Chalmers, his deputy, makes a public apology and retracts the statement "I will have no alternative but to take disciplinary action against him."

Last week Chalmers said he was at odds with the chief minister on a number of issues, including Osborne's support for independence from Britain for the 39 square mile island of about 12,000 people. Chalmers had also complained that Osborne was trying to replace him as the party's candidate in the Northern district in the next general elections, constitutional due in 1992.

Osborne said the only problem he has had with Chalmers resulted from his support of a party recommendation calling for government Public Relations Officer Joseph Pontien to replace the works minister as the governing People's Liberation Movement's cadidate in the Northern district in the next general elections.

"...That is the only thing responsible for his behaviour," Osborne said.

Well placed sources said Osborne has been meeting with Attorney General Brian Moore to review articles related to the dissolution of Parliament. Party sources said Osborne had considered dissolving the legislative council in preparation for a snap general election midway in the current term.

They said Osborne was dissatified with the performance of some of his ministers and had made it clear to them at an executive meeting of the party that unless there was improvement he would have to go back to the electorate.

Osborne's party emerged with four seats to the opposition's two in the last poll, in 1987. An independent candidate won the other seat. The opposition is calling for an early meeting of the legislative council to consider a motion of no-confidence in the government it plans to move.

El Salvador

Partial Aid Freeze Still Seen as Helping Peace

PA2210182890 San Salvador LA PRENSA GRAFICA in Spanish 22 Oct 90 p 3

[Text] The Government of El Salvador considers the U.S. Senate's decision to link military aid to the defense of democracy and the institutions of this nation as responding to the spirit and intent of the statements made by President Alfredo Cristiani during his recent visit to Washington and the United Nations, in the sense that the conditions imposed are intended to support the peace process and encourage a prompt cessation of the armed conflict. The partial freezing of aid is being misrepresented, as if the aid had been entirely withdrawn instead of being partially frozen, which is the case.

Since the signing of the Geneva agreement, and at all the meetings held as part of the peace effort, the Salvadoran Government has maintained a firm and determined attitude to try to achieve the demobilization of the FMLN [Farabundo Marti National Liberation Front] and its incorporation into the Salvadoran democratic process.

President Cristiani has also demanded that pressure be applied on the FMLN to make it stop waging war, once and for all, on those civilians who refuse to support it. The government believes that the Salvadoran people and the international community want the FMLN leaders to halt their destructive terrorist attacks on the country and to set aside their irrational position of continuing to wreak violence, destruction, and suffering on the Salvadoran people. Because of this, the Salvadoran Government maintains its offer regarding the halting of the armed conflict.

Nevertheless, and for the people's peace of mind, as long as the FMLN continues its attacks, the Salvadoran Armed Forces will continue to fulfill its professional duties to defend and safeguard the health, lives, and property of the people. Despite the FMLN terrorist provocations and any other adverse situation that might affect security and welfare [seguridad de integracion] the Salvadoran Government will continue to seek, through peaceful and civilized means, the peace for which the Salvadoran people have been yearning.

Court Says Benavides Involved in Jesuits' Murder

PA2310044790 San Salvador Canal Doce Television in Spanish 0320 GMT 23 Oct 90

[Text] The Supreme Court today reported that the criminal investigations commission has established the participation of Colonel Guillermo Benavides and the Atlacatl Battalion in the assassination of the Jesuits. It was reported in a communique released by the highest tribunal that the commission's extrajudicial investigations established Benavides' involvement in the crime, according to Colonel Jose Presa Rivas, who testified on Friday, 19 October, in the presence of the fourth criminal judge.

According to Presa Rivas, Benavides was investigated because he was security chief of the military academy at the time of the Farabundo Marti National Liberation Front's offensive. Presa Rivas said the commission did not look into the military academy's documents since this part of the investigation was scheduled for this past January, when the case was handed over to the fourth criminal judge. Presa Rivas also said the arms used for the assassination were supplied by the military academy, according to a document released by the Armed Forces honor committee.

Ponce on FMLN Offensive, Dialogue, Purges

PA2010232490 San Salvador TCS Television in Spanish 1200 GMT 17 Oct 90

[Interview with Colonel Rene Emilio Ponce, chairman of the Joint Chiefs of Staff, on the "Face to Face" program by Ricardo Rivas and Lorena Koberg—live or recorded]

[Text] [Rivas] Good morning. Defense Minister Colonel Rene Emilio Ponce is our guest today. We welcome him and thank him for accepting our invitation to participate in our "Face to Face" program.

[Koberg] Colonel, this past weekend we again heard statements made by you and the president of the Republic about a new offensive. Although a new offensive has been frequently mentioned during the past few months, this threat has not materialized. What evidence or clues do you have at this time to confirm the possibility of an offensive? What type of offensive would it be, as it has also been said that the FMLN [Farabundo Marti National Liberation Front] is only waging a psychological offensive? Do you believe it could be a military offensive this time?

[Ponce] It is very unpleasant for me to comment on this negative and ill-fated message that the FMLN has sent to the Salvadoran people. I have used the term ill-fated because, if we recall what happened last November, we will remember that it caused much pain, suffering, death, and destruction.

We have confirmed information that they are preparing an offensive which will be different from the one they carried out last November. According to this information, this time their offensive will consist of selective actions. We know that more powerful weapons will be used and that there have been threats against some government officials. In sum, there are a number of things which confirm that the FMLN is preparing an offensive.

I also believe this confirms that there are divisions within the FMLN. There are people inside the FMLN who want to find a solution for the conflict through dialogue or negotiation, while another group—perhaps

the largest one—is not interested in a political solution but prefers a military solution.

In that regard, the FMLN has lost the perspective of this moment in history, in which violence has been rejected as a solution. They are also turning a deaf ear to the church, which has expressed its disagreement with those actions. Nevertheless, the FMLN still believes that it can seize power through military action.

They were defeated in the military field. If they try to take military action again, they will find that the Armed Forces have been trained to more effectively counter them. They have been trained to protect our democratic system, our property, and the civilian population, who suffers the most in the end.

It is even more regrettable that this month, when we commemorate International Children's Day, they are planning an offensive that will bring more suffering to children. It is very sad that they would want to repeat an action as evil and irrational as last year's offensive.

[Koberg] This past weekend you mentioned that the information you have was obtained from individuals who infiltrated the FMLN. Based on that information, exactly when do you expect the FMLN action to take place? You said it could take place before 4 November, but I assume you have more specific information.

[Ponce] We have conducted intelligence studies based on many documents and statements by FMLN leaders and terrorists who have turned themselves in to the Armed Forces. During the past 15 days, 13 terrorists have turned themselves in at the 4th Brigade and have confirmed that the FMLN is preparing an offensive which will take place in the next few days. We have people who have infiltrated various levels of the FMLN; they have also reported the same thing.

We have also received reports recently that radical sectors of labor unions are being mobilized. In that regard, I would like to issue a special call to those workers who are organized in unions: Do not let anyone deceive you. Just think of the suffering and pain our people have endured for 10 years.

[Rivas] Colonel, these offensives taking place could be described as psychological offensives. Do you believe this is the case or do you really believe....[changes thought] I mean, looking at this problem within the context of the international situation, especially in light of the discussions taking place in the U.S. Congress regarding aid to El Salvador, does a military offensive seem logical to you or is a psychological offensive the more likely option?

[Ponce] We had initially believed this to be a psychological offensive. After receiving the latest reports and after analyzing further indications, we concluded, however, that the FMLN does not care what the U.S. Senate decides. Only yesterday the FMLN issued a communique saying that the United States would not be the one to mediate the country's negotiations. The FMLN does not care about the people's suffering, about what happened in Eastern Europe—frankly I believe they are looking at the situation out of context. The FMLN has already developed the psychological offensive and has been doing so for five months, by making threats of an impending offensive.

I do believe that the FMLN is about to embark on a military adventure which will not benefit the Salvadoran people and that harms the FMLN. I repeat, it is intended to satisfy the warmongering, militarist, and adventurist spirit of cadres within the FMLN.

[Rivas] Mr. Minister, allow me to ask, how differently would the Salvadoran Armed Forces respond to an attack such as the one that took place on 11 November? You have mentioned there have been certain preparations made since the last offensive. What would be the difference in the Armed Forces' response?

[Ponce] We have already begun. We have deployed at the various places we believe this offensive could start. We have intelligence operations under way, our patrols are totally different. We now have trained personnel in urban combat; this was a shortcoming last year.

[Koberg] When you speak of warmongering cadres I would like to look at this in the light of the dialogue process. Do you think that the beliefs of these warmongering cadres are prevailing at these talks, or those of the cadres who want a negotiated political solution?

[Ponce] I believe that the warmongering group prevails. We have information that indicates that following the human rights agreements reached in San Jose, Costa Rica in July, the FMLN General Command met in Nicaragua. Jorge Shafik Handal was criticized by all other commanders and leaders for having signed an agreement that did not favor the FMLN at all and would ultimately destroy the FMLN's structures. It was argued that the FMLN would have to take a more radical stand. From that moment, we detected that the FMLN regressed, especially regarding the Armed Forces issue.

The positions of the government and the FMLN came very close in [word indistinct] and at the first meeting held in Costa Rica. The FMLN went to the July meeting, however, with a very different position. On that occasion it presented an 18-point document that represents a return to the 1984 positions. This return is what has led the dialogue to stagnation. This means that the FMLN is the obstacle to achieving peace through a rational process, such as dialogue. But not all of the FMLN is to blame, only its warmongering elements. Villalobos has said that the FMLN position on the Armed Forces has to be strong and that the armed institution must be destroyed. He has said this publicly. Because of this, I believe that the radical and warmongering sector of the FMLN holds the upper hand in the dialogue process.

[Koberg] If this is so, and there are threats of FMLN military actions, how long do you think the government

will be able to remain in the negotiations process, in spite of everything you have mentioned?

[Ponce] I believe President Cristiani was very clear in his 1 June speech. He said he sincerely wants to secure peace in El Salvador through negotiations. The armed institution, after 10 years of sacrifice, death, and wounded and handicapped people, has understood that this conflict will not have a military solution because the essence of the conflict is of a political, economic, and social nature. For this reason, the solution must be all-encompassing.

Because of convictions and because we understand better now how complex the conflict is, we are backing the president. We also have the constitutional obligation to be absolutely subordinate to the country's civil authorities.

We are going to make every effort, as we back the president, to find peace through dialogue in spite of risks and some people's lack of understanding. We believe we are on the right road. There are some elements trying to change the road to peace, but I believe the people want peace and have told President Cristiani to achieve peace. The best and the least costly way of achieving peace is through dialogue.

[Koberg] Will the government continue with the negotiations regardless of what kind of military activities the FMLN carries out? This is what you have said. This reminds me that [UN representative] Alvaro de Soto has said that neither of the two sides should abandon the negotiations table because of military activities. Do not you think the FMLN could view this as some sort of carte blanche to carry out all sorts of military activities?

[Ponce] I believe that regardless of what any prominent person may say, the FMLN has a strategy. The Marxist strategy the FMLN has always used is to strike and to talk, to talk and to strike. They have done this very well, but look at what is happening in the dialogue process: The FMLN has abandoned its revolutionary and Marxist principles. They had said they were waging war because of social injustice and because they had political and economic goals, but what are they demanding now? Now they are calling for the dismissal of the Armed Forces. They no longer care for the causes that they claim led to the war. They are no longer interested in talking about a social and economic pact, or about the administration of justice, or the elections process. They are not interested in talking about any of the other issues in the Caracas agenda.

I think the FMLN has lost its identity and its objectives; this is why it is divided. I think the FMLN will find in these statements something to hold on to, something that will serve as a justification, and they will try to justify themselves. We will remain at the negotiations table regardless of whether or not they carry out a military offensive.

[Rivas] You spoke about the FMLN strategy of hitting and talking. What is the government's strategy? Is it to remain on the defensive and to talk?

[Ponce] The government is fulfilling a constitutional mission, which is to defend a system that was legally established. The Armed Forces are also defending a legitimate government that was legally established in our country. We are defending a system we grew up with, and we are defending the freedoms of our people. We are defending traditions and customs, and we are not going to abandon the struggle. This also requires us to take military actions and that is precisely what we are doing, just as we are also seeking—and that is the main goal of the government—peace through negotiations.

[Rivas] In spite of the demands made by the FMLN, apparently there is a consensus among the citizens, political parties, and even among the Armed Forces themselves on the famous topic that was discussed, and which was popular months ago, on the purging of the Armed Forces. It is the first time we speak to you as defense minister, and we would like to know your idea of what a purge consists of, and if you have already started one within the institution?

[Ponce] The truth is that the FMLN, in this dialogue process, has had some success, and they state it in their document. Their greatest achievement is having introduced into the Salvadoran society some topics directly aimed at the disappearance and destruction of, and attack against the Armed Forces. This includes a purge. Actually, we have been conducting purges within the Armed Forces since its creation. We have internal mechanisms which separate institutions from those individuals who really do not abide by our regulations, our laws. We have many people who have been sent to the courts and have stood trial. Some of them have been released and others have been sentenced. To give you a statistical figure, I can say there is a total of 200 individuals, including military chiefs and [word indistinct], who have been purged from 1985 to date. This also shows the dynamics within the institution. I believe the institution has to be reorganized and reformed. It has to be shaped according to the new society that we want to build in the country. Regardless of what may take place in the negotiations, the institution will carry out the necessary changes to be in tune with the new society the country will demand. Those demands will be different and that is what we are currently doing. We are conducting the necessary studies, we are changing the dynamics of the armed institution, we are changing the attitudes of the members of the institution, according to the new society that will be established in El Salvador in the future.

[Rivas] As for some of these purging mechanisms, some people point out that these procedures are not enough or are not appropriate. Proof of this is that there have been many problems with individual situations, such as the Jesuits case or other cases. Do you believe it is necessary to implement new mechanisms or change the existing ones so as to guarantee a better selection of officers? The

people who support these ideas say that rarely do they see a colonel, a general, or a lieutenant colonel sent to the courts.

[Ponce] I think this is part of what we are calling the subordination of the military to civilian power. This subordination does not only mean being subject to the president, it means fulfilling the laws. We are convincing, and we are constantly bringing a message to our cadres. If we have the constitutional mission to enforce the law, we should be the first ones to assert our moral authority and demand fulfillment of the laws. I believe this is a process which will require time before everyone can say it is perfect. No one will ever describe it as perfect, but we are making an effort, however, to find the most appropriate means to carry out an effective purge. We must understand the correct meaning of the word purge, which is to clean and to improve the institution.

[Koberg] Proof of that is that [words indistinct] is being debated or that voting will take place on military aid to El Salvador in the U.S. Congress. You accompanied the president during his trip to Washington. You met with different congressmen and senators. How do you think they feel regarding the actions of our military, and what sort of questions were you asked regarding the Jesuits case?

[Ponce] The Jesuits case dominated all the conversations. I could see, however, that the Senate is split, with some supporting aid and others who have always opposed it. In this respect, I think El Salvador is a current topic of interest to U.S. politicians. I think the debate taking place now on whether or not to withhold 50 percent of the military aid is a sign of the United States interest in helping the Cristiani government. The Bush administration clearly stated in public its full and wholehearted support for the the Cristiani government as a legally constituted government in El Salvador. The talks were certainly influenced by a costly propaganda campaign carried out by the FMLN. Some congressmen said they have demonstrations outside their homes all the time. CISPES [Committee in Solidarity with the People of El Salvador], an organization of solidarity with the FMLN that operates in the United States and has approximately 400 (?offices) all over that country, is doing that. That group is pressuring for a cut in aid. The Jesuits case has influenced some religious groups, which are very powerful in the United States, who are also calling for a cut in aid.

Cristiani's credibility in the United States, however, is strong. Many in the Congress support his efforts and honesty. They endorsed his idea that military aid should serve to accelerate the peace process rather than increase or prolong violence or war in our country. This is the origin of the proposal to make the granting of military aid to El Salvador contingent upon a cease-fire. I think the Dodd-Leahy Amendment, which cuts aid by 50 percent, deals a blow to the country's institutionality and encourages the FMLN's warmongering ideas and the militaristic adventure it is planning. This will prolong the conflict.

[Koberg] If 50 percent of the military aid were frozen or withheld, what impact would this have on the armed institution? Do you think this will change the military balance of forces with the FMLN?

[Ponce] As Armed Forces, we would certainly face limitations in terms of logistics and operations. I think, however, that the Armed Forces were preparing themselves a few days ago to cope with the situation. We issued austerity measures to save our reserves. But this decision will not affect our morale. Our strength lies in our professionalism, and the courage and decision of every soldier. Our slogan says that our force does not depend on what we have but on what we do with what we have. In this respect, the Salvadoran people can be sure—with or without aid—we will fulfill our role with what we have, and we will not allow the installation of a revolutionary movement that has promoted a Marxist-Leninist line.

[Rivas] Do you feel that overall U.S. policy continues to be favorable to our country?

[Ponce] According to what I have seen, it continues to be favorable. Undoubtedly, there is a worldwide campaign against El Salvador. The Bush administration, however, has offered President Cristiani strong, continued support and vows to help with this conflict.

[Rivas] You have said that the Jesuits' murder case has been the center of attention ever since this regrettable incident took place. Do you believe there are ways to prevent these types of events which are so regrettable for our country and to the Armed Forces?

[Ponce] I believe that this event embarrasses the institution. We really cannot accuse an institution for crimes committed by some of its members. I recall that when I appeared on this program as chief of staff, I told you that the institution would not allow any of its members to besmirch the institution's dignity and honor. Many orders and instructions have been issued. We cannot, however, accuse the institution for acts carried out by individuals. In this specific case, as an institution, we have cooperated with and have supported the investigative and legal stages, in the quest for the truth.

[Rivas] Do you think that these kinds of acts could be prevented, because the organization, planning, and committing of a murder like that of the Jesuits, in a climate such as the one in El Salvador at that time, would indicate that it was not an isolated case, but that it needed much planning, and involvement by many people? Do you think this type of event could be prevented in the future?

[Ponce] The Armed Forces are not thinking of this event only. It is thinking of its policy of respect and protection of human rights for all Salvadorans. We have adopted

some measures to correct negative behavior by any member at any time. The important thing, however, is that the Armed Forces be aware of, and let the public know, the decisions or conduct being adopted by the Armed Forces leadership. That is very clear. The fact that some members of the Armed Forces are on trial is a step in the right direction in the administration of justice in our country. These events leave us with a very negative experience that should be borne in mind in the future.

[Koberg] Doctor Maria Julia Hernandez, Legal Assistance Office director, recently stated that as far as human rights are concerned, the government of the Republic—the Armed Forces included, of course—was the major human rights violator whereas the FMLN was the minor human rights violator. Do you agree?

[Ponce] I definitely disagree, because a Gallup poll indicates that 55 percent of the people interviewed said the major human rights violator in El Salvador is the FMLN and 12 percent say it is the Armed Forces. If we were the major human rights violator then we would be repudiated by the civilian population. In November 1989 we confirmed that this is not so.

The Gallup poll results, which were also published by ECA [expansion unknown], the UCA [Central American University] magazine, indicate that the Armed Forces enjoy the support of 86 percent of the population. This means that we have their support as an institution, even though we have no publicity. Unfortunately, that office has recently reported events that were untrue, as was later confirmed. I am specifically talking about the journalists case. The accusations against Air Force Commander General Villamariona prove that the office's information is actually negative.

[Koberg] Professor Pastor Riduejo made his customary yearly visit to our country in recent weeks. What do you think will be the UN decision based on what he reports?

[Ponce] I have had two very positive experiences with the United Nations this year. In March and in August there were meetings in Geneva between the human rights commission and government and nongovernment delegations. In the two meetings, there were minimal attacks against the Salvadoran Government, compared with previous years. There were resolutions attacking the FMLN, and there was even a condemnation of Cuba, which in 30 years had never been accused of violating human rights.

Riduejo said that he has found progress and fewer violations of human rights during this period which he is reporting. We hope that his report will contain fewer cases of human rights violations than in previous years.

[Rivas] A few days ago we met with Colonel Roberto Escobar Garcia. He was asked how long the FMLN would continue to attack the Salvadoran Government and the Armed Forces. He replied: As long as such sources of supplies for the FMLN as Nicaragua and Cuba will allow. It was strange that he should speak of Nicaragua, because the President of Nicaragua has publicly expressed her determination to cut off all sources of supplies to the FMLN. Do you have evidence that Nicaragua is still sending supplies to the guerrillas?

[Ponce] Definitely, yes. President Chamorro's government has been in power about 10 months. The FSLN [Sandinist National Liberation Front] was in power for more than 10 years. I believe that President Chamorro has only formal power. Real power is in the hands of the Sandinist People's Army [EPS]. Within the EPS there are members who continue to be allied to and support the FMLN. Recently two Salvadoran members of the FMLN were captured inside Nicaraguan territory. They were carrying weapons and were, therefore, reported to ONUCA [United Nations Observer Group in Central America]

A French woman was also captured along the Honduran-Nicaraguan border carrying weapons and military plans for attacks against the 3rd Brigade. In Honduras weapons consigned to the FMLN from Nicaragua were seized. As long as Fidel Castro and Nicaragua support the FMLN, it will be very hard to say that this conflict will end. I believe, however, that for the time being, the FMLN is not a burden for them, but in the long term it will be, especially if it continues to adopt such radical positions at the peace talks and to threaten to launch an offensive. I really believe that the FMLN is going to become isolated. No one in El Salvador wants more violence. There is no room for the constant violence and threats by the FMLN. It is going to be isolated, then it will cease to exist as a terrorist organization in El Salvador.

[Rivas] Until that time comes, however, the government, the people, and everyone else will suffer much. According to our country's economic and social situation, together with the worldwide crisis, it might take years for this moment to arrive.

[Ponce] I believe that 10 years of conflict has led to the weakening of the economy. The country has suffered economic losses. We have received aid, and it has been mentioned that we have received $4 billion in military aid, but this has only served to rebuild and repair what the FMLN has destroyed; therefore, no economic progress can be seen. We believe, however, that with a new economic program promoted by the government, we could make some progress. I believe this is the best time to make progress. Unfortunately, things happen that are beyond our control, such as the Persian Gulf crisis, which has adversely affected the country's economy. I believe that, as an institution, we are making an effort to guarantee more security so that investments can increase and so that there can be greater development in the country. We hope there is greater national and foreign investment in the country so that we can overcome the country's economic crisis.

[Koberg] At the beginning of the interview, you said that part of the information you have comes from FMLN deserters. I would like to ask you about the information you have on these deserters regarding the internal morale of the FMLN fighters, who after last November's offensive, did not get the support from the people that they expected. Do you think they are really convinced of the military option? I am referring to the fighters, not the leaders.

[Ponce] I said that within the past 15 days, 13 terrorists have turned themselves in to the 4th Infantry Brigade in Chalatenango Department. They have told us about the low morale and uncertainty that exist. The FMLN leaders had been telling their fighters about a quick military victory, but the fighters see it as being so far away that they have stopped believing. They cannot, however, abandon the FMLN ranks because their lives and those of their relatives are threatened. They are afraid to leave. There are fanatics in the FMLN, however, who believe that the only way to achieve success is by means of military action. I would like to point something out and I hope the television viewers make their own judgment. The president has offered a unilateral cease-fire in the search for peace, in the search for the proper climate for the dialogue-negotiation process. On the other hand, however, the FMLN offers an offensive, an action that leads to destruction, death, pain, and suffering. Who is really gesturing goodwill in this dialogue process? Is it the FMLN or the government? It is simple reasoning. We believe it is the government.

[Koberg] The government has been conducting an intensive campaign that calls on the FMLN fighters to desert. Do you have any statistics reflecting the rate of desertion among the FMLN ranks?

[Ponce] I mentioned to you already that over the past 15 days, 13 terrorists turned themselves in at the 4th Infantry Brigade in Chalatenango. Throughout the rest of the country, especially in the eastern zone, we have similar figures. These are the results of the campaign. A third part, however, is missing, which specifically refers to bringing them back into society. They should not be abandoned. They should be protected and supported by the government so they can develop themselves economically. We have already reached such a phase, and I believe that soon we can enter this third stage so that there can be greater guarantees for the FMLN fighters wishing to turn themselves in.

[Koberg] What are the latest figures you have? How many have...[changes thought] Has desertion increased? Has there been a great increase or has it remained more or less the same through the past months?

[Ponce] No, according to the lists, according to our statistics, FMLN desertions have increased by 60 percent. I would have to add that we only know about those FMLN members who turn themselves in to military units, but we do not know about those who desert us and return to a normal life or leave the country. I think there is a high amount of FMLN desertions.

[Rivas] The economic crisis that the country is experiencing is very serious and is hurting the majority of Salvadoran families. Have you considered the possibility that these measures which have been taken to implement this program, which the government of the Republic believes in and defends, could at some time lead to social disorder? Have you considered that this disorder would not be brought on by any organization, but by the people's hunger and their situation, and that this could bring you face to face with the people themselves? Have you contemplated this yet?

[Ponce] Yes, we are conducting some studies in that matter, and actually the crisis, which is a worldwide one, mostly affects us in this country. The government has subsidized some costs, ensuring that the price of transportation, for example, does not go up too much, and that the crisis is not felt very much by the needier sectors.

There are minorities in the country, however, who can probably shout the loudest and express themselves publicly, and they are taking advantage of the situation. We believe that it is temporary and that we can pull through. When you have propaganda and actions, however, which sway the masses, it becomes dangerous. That is what I see in some organizations that come out publicly and incite the people. I do not think the crisis we are experiencing will cause the civilian population to rebel.

I do believe that these people are a minority, and if we look at the demonstrations carefully we see the same faces. The same people who are shouting are the same ones who want to arouse the population. They can make some impact on the masses of our society, but I think we can be sure that there is a lot of understanding and a lot of solidarity from all the Salvadoran population.

[Rivas] You reiterated lately that some organizations, like the farmers and labor unions, are serving as fronts for the FMLN and are calling on the population to rebel and participate in street demonstrations, and so forth. I would like to ask you about this, and I would like a clear answer from you, Mr. Minister: Do you believe that the two major unions that have been prominent in the media and in the streets of San Salvador are following orders from the FMLN? Do you feel that the UNOC [National Peasant-Worker Unity] and UNTS [National Union of Salvadoran Workers] are following orders from the FMLN?

[Ponce] I believe that the UNTS does follow the lines of the FMLN. This is evident, because the UNTS and its organizations immediately repeat whatever the FMLN says. UNOC goes along with the UNTS sometimes to obtain certain advantages. I think UNOC is a democratic organization, however, which seeks the well-being of the workers and farmers represented by that group. I believe that it is a democratic institution that follows the

interests of its members, and that it is completely different from UNTS, which follows destabilizing guidelines set by the FMLN.

[Rivas] Mr. Minister, we are aware of and we understand the situation the country is in, and we would like to thank you on behalf of the country for your time.

[Ponce] I thank you for the invitation.

UNTS Reacts to Ponce Remarks

PA2110174590 San Salvador Canal Doce Television in Spanish 0300 GMT 19 Oct 90

[Text] The UNTS [National Union of Salvadoran Workers] reacted on 18 October to statements by [Defense Minister] Colonel Rene Emilio Ponce, who allegedly threatened the labor organization, charging that it is a front organization for the guerrillas. According to the UNTS, from that point of view, all opposition to the government would be part of the FMLN [Farabundo Marti National Liberation Front].

[Begin first unidentified UNTS leader recording] Ponce has been clearly making threats, especially against the UNTS. Our reply is that we will not stop carrying out political actions and making demands. First, this is so because it is the only option we have to realize our aspiration of resolving our country's grave problems. Second, this is so because this government leaves no room other than for a permanent, tenacious, and energetic struggle by sectors of the people. [end recording]

The UNTS also condemned U.S. intervention in the country's internal affairs. It said such intervention is part of commitments that the Salvadoran people are not obliged to keep.

[Begin second unidentified UNTS leader recording] We believe that Bush can come and impose his orders on Cristiani, Arena [Nationalist Republican Alliance], and part of the military institution. He cannot, however, come and give orders to the entire country. We are free to make our own decisions, which are not based on Bush's orders. [end recording]

The UNTS leaders also said that Ponce's statements would not halt the spirit of struggle and unity that the government's economic plan has sparked. They also said that they would not change plans to mark the Day of Union Members on 31 October.

Merino: Government Favors Talks Despite Attack

PA2110143690 Panama City ACAN in Spanish 1746 GMT 18 Oct 90

[Text] Panama City, 18 Oct (ACAN-EFE)—Salvadoran Vice President Jose Francisco Merino stated in Panama City today that the guerrilla's attack on a Salvadoran Air Force installation on 17 October would not change his Government's position regarding the holding of peace talks that would allow the war to end.

Merino stated to ACAN-EFE that "This Farabundo Marti National Liberation Front (FMLN) action will not stop the government from promoting procedures that will make peace in El Salvador possible."

Merino, who is currently participating in a meeting in Panama of Central American Vice Presidents, added that the guerrilla's attack on the night of 17 October shows "the FMLN's lack of willingness to participate in the peace talks."

The Salvadoran Vice President added that he will ask his Central American colleagues to condemn the guerrilla attack, which caused damage to the civilian population that lives close to the Air Force installation, 10 km east of San Salvador.

Merino insisted that to attain peace in El Salvador "armed confrontation must stop as the talks continue."

The FMLN recently rejected a proposal by Salvadoran President Alfredo Cristiani for a cease-fire, apart from the negotiations that started in April and will continue on 4 November in Mexico. These negotiations are being held with the mediation of the United Nations.

According to the guerrillas, the cease-fire must be agreed upon during the negotiations and not apart from the process. The process is currently bogged down because the FMLN and the government differ seriously on the future of the Armed Forces.

Weekly Roundup on Government-FMLN Fighting

PA2210173290

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 13 October broadcasts a military report on clashes between Farabundo Marti National Liberation Front (FMLN) guerrillas and Salvadoran Army troops. According to Radio Venceremos, "FMLN units on 12 October fought near El Zapotal Canton, Burreras Hill, and El Canon Hill, Ojo de Agua Jurisdiction, Chalatenango Department. Seven casualties were inflicted on the Belloso Battalion." Venceremos continues, "helicopter gunships and one C-47 gave air support and were engaged in anti-aircraft combat." Radio Venceremos reports an ambush at 0745 on 12 October against Military Detachment No. 6 troops along the road from Sonsonate to San Salvador, inflicting six casualties. Venceremos reports: "On 11 October, FMLN guerrillas fought two Military Detachment No. 5 companies near San Nicolas, Cinquera Jurisdiction, Cabanas Department, inflicting two casualties. An A-37 airplane and a helicopter gunship provided air support and bombed the area. Two casualties were airlifted. A high-voltage utility pole was sabotaged at 0400 on 11 October at Texistepeque, Santa Ana Department."

Radio Venceremos at 0000 GMT on 16 October broadcasts five minutes of battle reports between the FMLN and Salvadoran Army troops in Morazan Department.

The announcer begins: "A clash took place at 0700 on 14 October, south of the village of Jocoaitique, Morazan Department, inflicting one casualty on the Arce Battalion troops." The station then reports that "at 1730 on 14 October, FMLN units attacked Arce Battalion troops with the people's artillery, RPG-7's, and rifle fire at El Tanque, Jocoaitique. Helicopter gunships indiscriminately strafed the outskirts of Jocoaitique and destroyed crops. Two dead and two wounded were inflicted on the enemy; one of the dead was the company's executive officer." The announcer continues "at 0630 on 15 October, that same company suffered three more casualties at Jocoaitique when the FMLN attacked them with RPG-7's and rifle fire. Air support was received from two helicopter gunship and one A-37 airplane." The station continues: "One 5th Infantry Brigade soldier was wounded when he stepped into a minefield at 1100 on 14 October, at Las Penas, Tecoluca Jurisdiction, San Vicente Department."

San Salvador Canal Doce Television at 0300 GMT on 16 October reports that the Army killed six guerrillas over the weekend in a clash at San Jose Guayabal and blames the FMLN for killing one soldier and one civilian, according to a Armed Forces Press Committee report.

Radio Venceremos at 0000 GMT on 17 October broadcasts a two-minute report, starting with Chalatenango Department: "4th Infantry Brigade Special Forces inflicted two casualties when they clashed with FMLN guerrillas at Cerron Grande, Agua Caliente Jurisdiction, Chalatenango Department at 1130 on 16 October." The announcer continues: "....one officer, one first sergeant, and a sergeant were killed in heavy clashes in the general area of Jocoaitique. Three more soldiers were wounded and a UH-1H helicopter was badly damaged when attempting to resupply Army troops."

Radio Venceremos at 0000 GMT on 18 October broadcasts four minutes of battle reports. The radio reports: "The Arce Battalion Command Post was attacked by FMLN forces at 1515 on 17 October at Moscarron Mountain, San Fernando Jurisdiction, inflicting seven casualties." The radio added: "Fighting continued until 1645, and we recovered one M-16 rifle and two military knapsacks. Mines inflicted three more casualties at Buenavista Hill." The last report says: "The FMLN attacked Arce Battalion troops at Guarumas, Jocaitique Jurisdiction and inflicted one casualty."

Radio Venceremos at 0000 GMT on 20 October broadcasts a battle report, the radio says: "At 1500 on 18 October, an FMLN guerrilla attacked a Morazan battalion soldier south of the Osicala Bypass, wounding him. At 0800 on the same day, a sharpshooter hit an Arce Battalion soldier at El Coyote hill, Jocoaitique Juridiction, seriously wounding the enemy."

Panama

Linares: Colonel's Extradition To Be Requested

PA1910184090 Panama City Circuito RPC Television in Spanish 1730 GMT 19 Oct 90

[Text] The Panamanian Foreign Ministry will request the extradition of former Colonel Roberto Diaz Herrera, former chief of staff of the disbanded Defense Forces, who has been implicated in the assassination of Dr. Hugo Spadafora. Here is Foreign Minister Julio Linares:

[Begin Linares recording] Yesterday afternoon, the Foreign Ministry received a request from the Attorney General's Office to ask the Venezuelan Government for the extradition to Panama of former Col. Roberto Diaz Herrera. That request was immediately turned over to the Foreign Ministry's Legal Department, which is drawing up the appropriate documents to file the extradition request. I think that by next week, the Foreign Ministry might be presenting the extradition request at the Venezuelan Embassy in Panama. [end recording]

Julio Berrios, a legal adviser in the Foreign Ministry, discussed the length of time the extradition procedures take:

[Begin Berrios recording] The extradition procedures are quite slow. There must first be a diplomatic phase and then an internal phase according to Venezuelan laws. These steps might take six to eight months, and if we are lucky, the Venezuelan officials will speed up the extradition request. [end recording]

Loaiza Hints Civilians Involved in Coup Attempt

PA2010163090 Panama City Circuito RPC Television in Spanish 1730 GMT 19 Oct 90

[Text] Captain Leslie Loaiza, Technical Judicial Police [PTJ] director, has announced new arrests related to the subversive plan that was recently uncovered.

[Begin recording] [Loaiza] As Government and Justice Minister Arias Calderon has said, the investigation continues. I was called to help in the police investigation. There have been more arrests within the past 24 hours. I cannot give names, because Attorney General Rogelio Cruz will give further details.

[Reporter] What can you say about the investigation the PTJ is conducting? Is there an organized terrorist group in Panama?

[Loaiza] I would not say it is a terrorist group, and I do not want to describe this as a movement; that is up to the legal experts. We cannot deny, however, that a movement was taking shape to destabilize the government, and not just the names of officers, but civilians as well are being mentioned.

[Reporter] To what extent is Colonel Eduardo Herrera involved?

[Loaiza] According to preliminary statements from some members of the Public Force and police units, he is specifically mentioned as one who gave instructions. [end recording]

Attorney General Cruz did not give further details on the matter.

[Begin recording] [Cruz] The investigation is being carried out by the police right now.

[Reporter] What has been learned as a result of the investigation?

[Cruz] Some things that we cannot tell you right now.

[Reporter] What possibilities for success did this alleged uprising in Chiriqui have, based on the investigation thus far?

[Cruz] We must take into consideration the objective sought to determine the possibilities for success. I believe that, as things unfolded, it could have had a reasonable chance of success.

[Reporter] On what do you base that statement?

[Cruz] On what we have been investigating, which I cannot tell you about right now.

[Reporter] It is said civilians were involved in this rebellion and government officials are mentioned.

[Cruz] I said nothing of the sort. Quite the contrary. I said yesterday that no civilians were involved. I purposely said that no civilians were involved.

[Reporter] Are there no civilians mixed in there?

[Cruz] I insist that, as of yesterday, no civilian was involved. That is what I said yesterday.

[Reporter] Capt. Loaiza said today, however, that civilians had participated.

[Cruz] You will have to ask him.

[Reporter] Were you aware of this coup plot for some time?

[Cruz] Yesterday, I said I did. It was known about before 15 August.

[Reporter] Why was it not revealed?

[Cruz] Because we investigate. We do not reveal what we are doing until we get results.

[Reporter] Is your trip to Chiriqui related to the arrests made there?

[Cruz] Yes.

[Reporter] How is the extradition request for Eduardo Herrera proceeding?

[Cruz] We have not made any extradition request.

[Reporter] Is [former Panama Defense Forces] Colonel Roberto Diaz Herrera involved in this coup?

[Cruz] Diaz Herrera?

[Reporter] Yes.

[Cruz] No.

[Reporter] You know, a former subordinate of his is involved in the plot.

[Cruz] So far, his name has not come up.

[Reporter] Are any of the officers held in the El Renacer jail connected to this action?

[Cruz] So far, we have not found any ties.

[Reporter] Has the investigation revealed that the United States knew anything about this?

[Cruz] That is what one of the people implicated has said. That, however, is one thing. What the investigation may reveal is another.

[Reporter] It is said that relatives of Nivaldo Madrinan [former National Department of Investigation chief] knew about the coup or are involved. What do you know about that?

[Cruz] I know nothing about that.

[Reporter] Why has the extradition of Eduardo Herrera not been requested?

[Cruz] We began the second phase of the investigation barely a few day ago.

[Reporter] Is there any warrant for his arrest?

[Cruz] Not yet.

[Reporter] What specifically have you found so far?

[Cruz] Some things I am not at liberty to tell you about now.

[Reporter] When are we to know all these things?

[Cruz] You will know them at the right time. [end recording]

Former FDP Officer on Current Situation

PA2010172990 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Oct 90

[Telephone interview with former Panama Defense Forces Colonel Roberto Diaz Herrera from Caracas by unidentified reporter, on 19 October—recorded]

[Text] [Diaz] I could not care less about an attempt to extradite me—not because I am an irresponsible person, but because of the complete lack of juridical responsibility in that hybrid government that has been created

there, and because the political intrigue behind all this is quite obvious. In fact, it is unimportant; it is juridical foolishness.

[Reporter] Some people say that he who has a clear conscience has nothing to fear, Colonel. Within these guidelines, would you be willing to come here, regardless of the extradition request?

[Diaz] First, they cannot extradite me. I will go to Panama when I want. It is just that I still do not want to. My extradition is impossible, juridically speaking. I will go when I want to go, just as I started to oust Noriega when I wanted to, when everyone else was terrified of him. I will not be influenced by senseless extraditions. I will go to Panama when I want to, and when I go to Panama, you will personally interview me. Watch out, it might be sooner than they think over there.

[Reporter] Referring to a subversive movement that was foiled in Panama, it has been learned that you have information on this. What do you really know about it?

[Diaz] No one can be such a fool. It is about time someone told you this. You are the media and you must be serious, as you have been throughout the years. No one can be such a fool to believe that a retired colonel like [Eduardo] Herrera, who now lives in Miami, will carry out a military coup from abroad with three captains and four sergeants; and that, if the coup is successfully carried out, he will travel to Panama to assume a command that currenlty has no leadership and no importance.

In the past we appointed ministers, even presidents; now a colonel cannot even appoint a community representative. The entire thing is, therefore, absurd and ridiculous—and the people must be told that. In addition, I believe that coups d'etat cannot be carried out by air mail or by fax. Second, on the same subject, who would believe that three captains without troops will carry out a coup and then call Herrera?

Someone has been had. Either an important minister, or an important party, is behind the coup, and Panama is making a fool of itself in the eyes of the world. What is really taking place there is a deception that no one believes in [nine-second break in reception] military sergeants, and sergeants can hardly cash their bimonthly checks these days. I think, therefore, that it is ridiculous. Excuse me for talking to you like this, but this is how we must talk to the people so that they understand it. Panama is making a fool of itself on the international level.

Diaz Herrera Refutes Allegations Against Him

PA2010175490 Panama City EL DIARIO INDEPENDIENTE in Spanish 20 Oct 90 p A22

[Text] Retired Colonel Roberto Diaz Herrera [former Panama Defense Forces Deputy Commander] has said that, "my political sin is having risked my life to overthrow Noriega, unlike Panama's present rulers who waited on U.S. military bases while the U.S. Army killed thousands of Panamanians to put them in power." He said this upon learning that the Panamanian Government has initiated steps to extradite him from Venezuela.

Diaz Herrera sent a telefax to EL DIARIO INDEPENDIENTE after we asked his opinion on the Foreign Ministry's announcement that he would be extradited.

Roberto Diaz Herrera said:

1. Venezuela is a real country. It has a democratic government and independent institutions. This, Bolivar's land, is sovereign. It is not a puppet.

2.The only other extradition with political overtones that has taken place in Venezuela was that of Marcos Perez Jimenez, and he and I are very different persons: [sentence as published]

a) I have not been a dictator repressing democracy;

b) My only political sin, and one from which my detractors are profiting, is that I risked my life to overthrow Noriega, while the present rulers waited on U.S. military bases while the U.S. Army killed thousands of Panamanians to put them in power.

3. Here in Venezuela they may think that judicial affairs in Panama are serious, and it is quite possible that they will abide by what international law demands—that the request for my extradition from Caracas be evaluated. This would have to be first studied by the Executive Branch and then by the Supreme Court's Penal Commission (where the United States does not dictate orders).

4. The main problem is that, with the constant "internal bickering" within ADOC [Civic Democratic Opposition Alliance], and since it might takes months of study before an extradition is actually carried out, Venezuela might have to deal with a completely new government in Panama. Perhaps the new regime will invite me back on a jet plane and award me a medal.

Eduardo Herrera Allegedly Refutes Coup Charges

PA2010182790 Panama City EL DIARIO INDEPENDIENTE in Spanish 20 Oct 90 p2

[Text] A source very closely linked to Colonel Eduardo Herrera Hassan, until recently chief of the Public Force—who was retired under circumstances that unleashed widespread speculation—has contacted us. The source emphatically denies Herrera's alleged involvement in an attempted coup against President Endara's Government.

According to the sources, the accusations against Col. Herrera are not only false, but also malicious. Among other things, these accusations might mean that there are people "who are greatly dissatisfied with the absolute lack of evidence against Herrera, not only in the case of

the attempted coup, but also regarding other accusations that have cast doubt on the officer's honesty.

The source, who set the condition of absolute anonymity, told EL DIARIO INDEPENDIENTE that there are coupist intentions in the air, but that they have not originated, nor are they even remotely linked to Col. Herrera, as widespread reports seem to indicate. According to the source, these reports only seek to throw a smokescreen over events that might jolt the country at any moment.

The source, who promised to maintain future contacts with us, said: "The military officers are not in a position to stage coups. Even if they were, they would not do it, because it would be folly to take over the government under the present circumstances." He added: "If President Endara wants to find his enemies, perhaps he should wear his reading glasses, because they are people who are very close to him."

Colonel Herrera Discusses Coup Plot

PA2210162190 Panama City Cadena Exitosa in Spanish 1250 GMT 22 Oct 90

[Telephone interview with retired Colonel Eduardo Herrera, former National Police General Director, from Peru by Aris de Icaza in Panama City on 22 October—recorded]

[Text] [De Icaza] We have a direct line to Colonel Eduardo Herrera in Peru. He is there on business, and he had even advised the president and his friends that he would be there. Col. Herrera is, like all good Panamanians, looking for business because he is a man who had not made millions of dollars. He told me: Aris, I have to look for an honest job because the retirement check is not enough. You know that I was retired at half salary, and I want to find a business that will provide more revenue. The president has told me that he will help me in this enterprise. That is what he told me, but let us hear him. Col. Herrera you are being heard through the great Exitosa Network. I wanted to introduce you this way because I believe, and the great Exitosa Network believes, it has been disrespectful of the citizens to assert that three men, three policemen, attempted to stage a coup d'etat from the most distant corner of the country—the border area in Chiriqui Province. Go ahead Colonel.

[Herrera] Yes, Aris. Thank you. My greetings to the Panamanian people. As I told you before leaving Panama, I came to look for investments that will help abate the unemployment that weighs so heavily upon our country. Here in Peru, I have been informed about the false accusations made against me. I believe these charges are morally and legally groundless. You well know that I have always stated that military coups d'etat are old-fashioned. It would be illogical and suicidal to attempt a coup d'etat when the country is militarily occupied. You well know, as Dr. Arnulfo Arias—may he rest in peace—used to say: Retired cops cannot even issue traffic tickets. Thus, it is hardly possible for me to lead a military coup amid my current situation. Furthermore, I want to tell you that the National Police have neither the intention nor the will to get involved in actions of this type.

I would rather say that what has happened in Panama is that the government has confused the people's discontent with a military coup. You will recall that I have publicly stated several times that the problems of the masses had to be addressed. By masses I mean the professional middle-class—workers, professors, teachers, peasants, and students. I really do not know how the workers demonstration turned out, but I understand that it was quite successful. You have to take into account that these organizations have been patiently observing the government's inability to resolve problems. There is a great deal of sectarism, nepotism is evident, and Panamanians observe many other things. I do not know what else you want me to say about this, Aris.

[De Icaza] There is skepticism and no one believes the story of this famous coup d'etat. Thus, one of the local newspapers reported that you helped former Chiriqui Legislator Otilio Miranda to escape. It asserts that you helped him leave the country across the Chiriqui border when you were the Panama police commander. What can you tell me about this, Mr. Eduardo Herrera?

[Herrera] Look Aris, how could we have done these things in those initial days when the entire country was controlled by the Americans. We did not even have weapons then.

[De Icaza] Colonel, the charges are that you had the backing of—I believe he is the vice president of the Arnulfist Party—Dr. Carlos Young Adames. He is a personality in this country and merits our homage for the political activity he carried out while he lived in exile for 21 years. What relationship do you have with Dr. Carlos Young Adames?

[Herrera] My relationship with him is the same as I have with anyone who was exiled and who struggled against the dictatorship. That is the extent of our relationship.

[De Icaza] Excuse me, Colonel, I thought I heard something on the line. I still have my doubts about the telephones. It is said that there is still a section in the security corps that records telephone conversations. I hope this is not so. Was this activity carried out while you were in the National Police? Were conversations taped?

[Herrera] Aris, I do not have that information. I was not responsible for that section. I was only responsible for professional work. I do not know if someone intervened in people's private affairs. I do not agree with such activities.

[De Icaza] Col. Eduardo Herrera, when exactly did you go to Peru and for what purpose?

[Herrera] As I told you previously, I came here to look for investments for Panama. As you stated in your

introduction, I have to look for another job because my retirement check is not enough. This was what I was doing here in Peru when I received the astonishing news of the coup d'etat.

[De Icaza] Yes, some people ask why you did not call Panama immediately after finding out about the charges against you. Well, I say that the person who is not guilty does not fear anything. Perhaps the information did not get to you immediately. Tell me.

[Herrera] Exactly, Aris, all this seemed to me to be a circus act, and I did not assign it any importance.

[De Icaza] Are you trying to tell me, Colonel, that this act that has taken place here in Panama, within this masquerade, as some newspapers published in their headlines, reminds you of that circus act that took place when they tried to distract public opinion in view of the big problems that were being faced in Panama? I remember that famous man, Hoffman, they brought to the television stations and to the media with so much fanfare. He was a man who had confessed to a series of things. Then, prior to the elections on 7 May 1989, I remember they claimed to have uncovered an attempt to blow up the city of Colon. I believe the man's name was (Lima Young). The government wanted to distract the people and it wanted to accuse the opposition of trying to sabotage the 7 May elections. Do you not believe that this situation resembles that by the way it was carried out?

[Herrera] I totally agree with that, Aris. You know, this is a strategy to turn the attention from the real problems to things that are untrue.

[De Icaza] I have a question here from our news coordinator. The president pointed out that you were always trying to break up his relations with Vice President Ricardo Arias Calderon. He said you were trying to create animosity between them. Since this interview is intended to clear up some points, we want to know what you can tell the citizens in this regard.

[Herrera] All police organizations have intelligence bodies and just as they say they had personnel infiltrated into various areas, we also had personnel infiltrated into their areas. So, I was informing the president about the things I thought could harm him. That was not creating animosity. We were in a government in which, if something happened, I was the man held responsible, as police chief, so I had to keep the president informed about all activities which were being carried out against him.

[De Icaza] Listeners from the entire country. This is Col. Eduardo Herrera on the telephone with Cadena Exitosa directly from Lima, Peru with an exclusive interview. I have another question. Let us try to be brief and short, Col. Herrera, because you told me that you want to hold a news conference when you returned to the country within the next few days. We are going to prepare ourselves for this news conference at the modern studios of Cadena Exitosa. We want the national media—print, radio and television—to listen to all the details after asking all the questions they wish. You say that you want to answer these questions because he who has a clear conscience has nothing to fear. How can you explain Technical Judicial Police Chief Leslie Loaiza's contradictions when he spoke about the participation of civilians, which were denied by the Attorney General?

[Herrera] I am not aware of that information, Aris.

[De Icaza] These are questions that come to our minds on impulse...

[Herrera, interrupting] I would like to come to Panama and answer all the questions. Now that I am abroad, I have lost contact and I do not know about certain things that are going on. I would prefer to arrive in Panama and then answer all the questions posed to me.

[De Icaza] Col. Eduardo Herrera, to conclude this interview, when exactly are you returning to Panama? Approximately when are you coming this week?

[Herrera] I will end my commitments this week, and I will return soon to clear up the situation.

[De Icaza] Listeners, this has been Col. Eduardo Herrera in an interview, and as you heard him, he was very calm. He has spoken to the country with a clear mind, as only a person with a clear conscience could. He has spoken to his fellow countrymen from abroad after being accused of a series of things. He is a professional who has become a victim. He is a man we admire and respect since he was a member of the Panama Defense Forces. He ran many risks while in exile so that we could achieve democracy along with other Panamanians. Col. Eduardo Herrera, give us a final message for the country in this interview with Cadena Exitosa. We are going to be ready when you return, and we are going to broadcast your statements so that all Panamanians can see the other side of the coin.

[Herrera] Yes, Aris, I think the Panamanian people know me from when I served in the Armed Forces of the country and that is the opinion I respect. Thank you very much.

National Police Director on Destabilization Plan

PA2010183390 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Oct 90

[Text] National Police Director Ebrahim Asvat said today in a news conference that he ruled out the feasibility of a coup d'etat, adding that the foiled movement in Chiriqui Province was a plan to destabilize the country.

[Begin Asvat recording] There is one significant fact. In this institution, whoever is confused, ill-intentioned, or a patsy pays the consequences. This institution will abide by democratic guidelines. We will abide by the Constitution and the law—fully subordinated to the civilian

authorities and fully subordinated to the president of the Republic. That is the great message derived from this lesson. [end recording]

Referring to Colonel Eduardo Herrera's possible participation in the disrupted subversive movement, Asvat said:

[Begin recording] [Asvat] I do not know if he did anything, because I have not seen any evidence of a movement in this direction around here. It was an activity about which we received information. We turned those persons involved over to the appropriate authorities.

[Reporter] How do you evaluate the event? How would you describe it?

[Asvat] Something was being planned.

[Reporter] Then it was intended only to draw attention....

[Asvat, interrupting] No, sir. No, sir. The interrogations have proven that there has been....[changes thought] It involves hard evidence—the explosives, the confessions, and the political motives that they had.

[Reporter] Then it was intended to destabilize the government and possibly to be carried out as a coup d'etat?

[Asvat] A coup d'etat....[changes thought] I do not think that a coup d'etat is feasible right now, but it certainly involved a destabilization plan. [end recording]

Ramifications of Plan Revealed

PA2210143490 Panama City EL PANAMA AMERICA in Spanish 21 Oct 90 p A1

[Report by Juan Pritsiolas]

[Text] Colonel Eduardo Herrera and the other leaders of the foiled destablization plan against President Guillermo Endara had explored the possibility of recruiting members of the opposition Democratic Revolutionary Party (PRD), and even members of the president's advisory team, for their plot. The members of the president's advisory team alerted the president about the coup plans.

The plotters plans went so far as to consider the possibility of offering the Presidency to Dr. Carlos Young Adames, secretary general of the Arnulfista Party, as a strategy to control the reactions of the political party's activitists.

Young Adames, a doctor and a close collaborator of the late Doctor Arnulfo Arias Madrid, lived most of the 21 years of military dictatorship exiled in Miami. He joined the presidential team of advisers days after the December 1989 U.S. invasion.

A source close to the investigations also said that there was some kind of "coordination" with certain labor leaders. The main goal was to create "a specific situation" during the 16 October demonstration and to keep members of the National Police in their barracks, but the plan was foiled, the source added.

It was also learned that Colonel Eduardo Herrera contacted a former president who was ousted during the revolutionary process and asked him for economic aid; but it is not known whether the former president had knowledge of the plans against the constitutional government or not.

Furthermore, there is information that while Herrera was director of the National Police, he allowed the departure of Otilio Miranda, former PRD legislator and an associate of Former General Manuel Antonio Noriega, through the border with Costa Rica. Miranda was later captured in New Orleans and deported to Panama.

Meanwhile, relatives of Captain Ivan Moreno, one of the four men arrested for their alleged participation in the destabilization plan, have stated their concern about his situation, adding that he is allowed no visitors. The officer was kept at the Technical Judicial Police (PTJ) headquarters until yesterday, and he has now been transferred to a high-security installation.

Likewise, labor leader Isaac Rodriguez yesterday reasserted that the story about a coup d'etat is "a big lie that no one believes," adding that the people would not allow such a situation.

Authorities Report on 'Subversive' Movement

PA2210192890 Paris AFP in Spanish 1846 GMT 22 Oct 90

[Excerpt] Panama City, 22 Oct (AFP)—Panamanian Government sources, on 22 October, reported the existence of a subversive movement led by military officers from the overthrown army of General Manuel Antonio Noriega, whose theater of operation would be Chiriqui Province, 450 km west of the capital.

According to official sources, who asked to remain anonymous for security reasons, the subversive group brought into the country a shipment of small arms in September through the border with Costa Rica and established two training camps in the mountainous regions of Chiriqui.

Last week, the Panamanian authorities dismantled an alleged conspiracy led by former Police Chief Colonel Eduardo Herrera, whose intention was to overthrow President Guillermo Endara. As a result, "dozens" of soldiers and civilians were arrested.

According to the report released on Monday, the subversive movement has been "training recruits to carry out terrorist actions" against the government in Las Nubes, Piedra Candela, and La Vaca, as well as in Puerto Armuelles, in Chiriqui Province.

Among the leaders, who have been identified by the authorities, there is a doctor; a brother of Colonel Nivaldo Madrinan, former chief of the National Department of Investigation (DENI); a former lieutenant colonel; a former captain; and a large group of former soldiers and civilians, the source said. It added that some of the subversive leaders are reportedly "promoting the M-20" [20 December Movement].

Following the U.S. invasion on 20 December 1989, an alleged subversive group called "M-20" conducted several attacks against U.S. soldiers and Endara Government officials. [passage omitted].

Arias Denies PDC Involved in Coup Plot

PA2310042390 Panama City EL DIARIO INDEPENDIENTE in Spanish 22 Oct 90 p2

[Text] Dr. Ricardo Arias Calderon, first vice president, government minister, and one of the democratic regime's staunchest supporters, has categorically rejected insinuations that members of his Christian Democratic Party [PDC] could be involved in the attempt to oust the constitutional government.

Arias Calderon said, "There are certain things that are not worth a comment and certain people whose opinions are not worth reading. He was referring to insinuations from Colonel Roberto Diaz Herrera who said that "the first to benefit from a coup d'etat against Endara would be the PDC members."

In an interview granted to Josefa Cedeno of EL DIARIO INDEPENDIENTE, the top PDC leader categorically stated that "the National Police is loyal to this government." The National Police is a Public Force department which is headed by Dr. Ebrahim Asvat, of Hindu descent and a man Arias Calderon fully trusts.

Other excerpts of Arias Calderon's statements can be summed up as follows:

- The democratic and constitutional government is consolidated.

- The police support Guillermo Endara without any reservations.

- The coupists were unable to carry out their rebellion because the new police model is working.

- Eduardo Herrera had been under investigation for the past two months.

- Timely action was taken to arrest those involved in the coup attempt.

After the discovery of a plan to destabilize and overthrow the government of Guillermo Endara, Vice President Arias Calderon ruled out the possibility of a reorganization within the National Police when he noted that most of the members have proven their loyalty to the democratic, constitutional, and de jure state.

Arias Calderon, who was interviewed after he delivered the Ricardo Miro literary prizes at the National Theater this weekend, stated that more important than reorganizing the police is the fact that "it was the police institution itself which began the investigations and carried them through, which shows that it is on the right path."

The government minister disclosed that so far four National Police members have been detained, but no civilians.

He added that he received information from the Police Investigation Department four weeks ago that indicated there was a link between a small group of Public Force members and some bomb explosions in Chiriqui and possibly in Panama City.

Arnulfists Pledge Continued Support to Endara

PA2110012090 Panama City CRITICA LIBRE in Spanish 20 Oct 90 pp 40,23

[Communique issued by the National Directorate of the Arnulfist Party in Panama City; date not given]

[Text] In response to the actions in recent weeks that were of an obviously coupist nature against the constitutional government led by Guillermo Endara Galimany, the Arnulfist Party's National Directorate states before the country that its firm intention has been, is, and will be to uphold democracy, the Constitution, and the law above any selfish interest that may come from any of the country's military, political, economic, or social sectors.

Everyone realizes that our people suffer. We make up a significant part of the people. Still pending are certain primary aspirations, such as solving the unemployment problem. The moral and fiscal bankruptcy the dictatorship heired to the country is still a great burden that weighs heavily on President Endara's good will, hindering the government's steps toward effective development. We recognize and are aware that our people's impatient desire for better days has been and is taken advantage of by groups seeking to satisfy their shady interests, without caring whether democracy has time to set or whether Panamanians live peacefully with one another, and most importantly, without caring for the welfare of future generations.

We reiterate to President Guillermo Endara Galimany the loyal, decided, and unlimited support of the Arnulfist Party's provincial and regional directors and corregimiento committees. We declare ourselves on maximum alert to assist in the establishment of a true era of enlightenment, peace, fraternity, and abundance.

Jorge P. Adames, president, National Directorate of the Arnulfist Party

Chorrillo Victims Present Demands at Palace

PA2010024590 Panama City Circuito RPC Television in Spanish 2300 GMT 17 Oct 90

[Text] Former inhabitants of the Urban Renewal complex in El Chorrillo marched to the Presidential Palace this morning. They carried posters and chanted slogans, demanding prompt action by the government. They said that so far nothing has been done to resolve the situation that resulted from the U.S. military intervention in Panama. At the Presidential Palace a delegation of demonstrators met with Demetrio Sagel, a presidential adviser. The victims of the military action demanded government compliance with the agreement reached with President Guillermo Endara. Deputy Minister of Housing Rodrigo Sanchez has said there are several alternatives for resolving the housing problems of the El Chorrillo victims.

[Begin Sanchez recording] The Urban Renewal group has been demanding larger vouchers for buying household goods. We are talking about a group whose apartments were not damaged but who are nevertheless being viewed as victims in the El Chorrillo neighborhood. There is another group called Noah's Ark. We have made some offers to this group also. One offer is the (Naus) Program. Some people are demanding vouchers to buy household goods and others, such as Noah's Ark, are demanding better housing. We have offered them several alternatives, such as the (Naus) Program, and permission for the concerned parties to build in El Chorrillo, as long as they work in line with plans and accept certain conditions. [end recording]

M-20 Reportedly Holds Up Bus, Robs Passengers

PA2210190190 Panama City CRITICA LIBRE in Spanish 22 Oct 90 pp 1, 23

[Report by correspondent Vasquez Galvez]

[Text] Nata—Five individuals carrying handguns and rifles held up a bus from the Panama-Costa Rica route at approximately 1700 yesterday.

The assailants stole an estimated $30,000 in money and jewels from the 27 passengers on the bus.

The holdup took place at Recto del Cano, in the jurisdiction of Nata.

An official spokesman said that after stealing the passengers money and jewels, the robbers spray-painted slogans and the acronym "M-20" [meaning 20 December Movement] on the sides of the bus.

The criminals then punctured the tires of the bus and fled in a Toyota Corolla vehicle that did not have a license plate. Three of the robbers were dark-skinned, but the other two were white. All wore "khaki" camouflage uniforms.

Several sources reported that the assailants sped off in the direction of Panama City.

The authorities in Aguadulce and Penonome are carrying out investigations to try to track down the robbers.

National Institute Students Readmittance Allowed

PA2210224790 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Oct 90 pp 1A, 2A

[Communique signed by acting Education Minister Laurentino Gudino and parents of National Institute students in Panama City on 19 October]

[Text] The Ministry of Education and the parents of the punished National Institute students agree on the following:

1. The Ministry of Education has decided that the five punished students will complete their current school year through academic modules that the National Institute professors will provide them.

2. The parents pledge, along with the professors responsible for the academic modules, that the students will carry out the calendar of activities scheduled for the students.

3. The Ministry of Education guarantees that the two punished students who are not scheduled to graduate this year will continue their studies at the National Institute during the 1991 school year, provided that they meet the academic requirements.

4. The Ministry of Education will instruct the authorities of the National Institute and other education centers to abstain from taking reprisals against the students who made up the support committee.

5. The Ministry of Education and the parents will contribute to guarantee the normal development of education and student activities in the installations.

Issued in Panama City on 19 October 1990

Professor Laurentino Gudino, Acting Minister of Education

Florentino Pineda, parent

Linda de Ibarra, parent

Doctor Orlando Carrasco, lawyer

Luis Herrera, parent

Doctor Rafael Rodriguez, parent

Government, Banks Reject U.S. Legal Assistance

PA1910182090 Madrid EFE in Spanish 0121 GMT 16 Oct 90

[Report by Andreu Claret]

[Text] Panama City, 15 Oct (ACAN-EFE)—It was reported today that the Panamanian Government and bankers have rejected the mutual legal assistance agreement proposed by the United States. They believe this

agreement would mean the disappearance of the international financial center in Panama. The bankers and the government presented an alternate plan to the U.S. authorities.

A group of 12 bankers met with Panamanian President Guillermo Endara and Foreign Minister Julio Linares on 11 October to prepare a counterproposal, which rules out all agreements that could be used for the investigation of tax evasion.

The Panamanian bankers and authorities fear that under the pretext of trying to stop the laundering of drug money, the United States would actually put Panamanian banks at a disadvantage regarding banks in Grand Cayman, the Bahamas, or Nassau in the Caribbean region.

A banker, who attended the meeting with Endara and who chose to remain anonymous, said that it would be a mortal blow to the financial center if Panama is no longer a banking paradise.

According to the draft agreement, which was presented by U.S. Ambassador to Panama Deane Hinton and comprises 35 pages and 18 articles, the United States would be allowed to investigate accounts in Panamanian banks for cases of financial crimes or other crimes committed within U.S. territory.

The Panamanians counterproposal, to which EFE had access, excludes all forms of investigation directly or indirectly linked to the regulation, imposition, estimation, and collection of taxes, except when the cases are linked to drug trafficking activities.

The Panamanian proposal also denies the U.S. authorities permission to investigate Panamanian banks for actions that are considered crimes in the United States but not in Panama.

According to the Panamanian proposal, the purpose of the agreement is to prevent and punish crimes according to the laws of both Panama and the United States.

Panamanian Banking Association President Edgardo Lasso Valdes said he favors the signing of a mutual legal assistance agreement between Panama and the United States, but he added that the agreement should not include tax-related crimes.

The U.S. Government has made the distribution of part of the $420-million aid granted after the December invasion contingent upon the signing of the agreement.

Foreign Minister Linares, however, recently warned: I am not going to sign any agreement that will destroy Panama's financial center. He also hinted that his government could give up the aid.

Panamanian banking sources have reported on the recent visit of U.S. Treasury Department officials to various banks in Panama to obtain support for the proposed agreement.

One of the bankers who met with the U.S. officials was visibly angry. He said: They came to buy our wills and did not even leave us their business cards.

The controversy over this agreement has caused increasing friction between Endara's government and the administration of U.S. President George Bush, who ordered the invasion of Panama on 20 December 1989 to overthrow the regime of Manuel Antonio Noriega. Noriega is currently detained in a U.S. jail on drug trafficking charges.

Washington insists that the agreement is a basic step to prevent Panama from continuing to be a center for money laundering. The Panamanian bankers, however, say that the purpose of the agreement is really to control the tax evasion problem the U.S. economy is suffering from.

A Panamanian banker said: The U.S. authorities want to reduce tax evasion to avoid having to increase taxes. He admitted that among their deposits, the Panamanian banks do have U.S. funds that are sent to Panama becasue of Panama's fiscal paradise.

Official Visits Ecuador To Discuss Oil Supply

PA2110173290 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Oct 90 p A-4

[From the "Names and Events" column]

[Text] Roberto Alfaro, deputy commerce and industries minister, has traveled to Ecuador to discuss oil exports to Panama with the Ecuadoran Government and found there the best intentions in reaching a favorable agreement. Ecuador will supply, at a good price, 12,000 barrels per day for Panama's consumption.

Argentina

Ships To Gulf Funded by Arab States, UN Fund

PY2210144490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2250 GMT 19 Oct 90

[Excerpts] Milan, 19 Oct (NA)—Official sources have reported that 90 percent of the cost of the deployment of the two Argentine ships bound for the Persian Gulf—which will arrive tomorrow in the port of La Spezia, Italy—will be paid by the Arab countries, and the rest will be paid by a fund created especially for this purpose by the United Nations. [passage omitted]

Regarding expenses for the "Admiral Brown" and the "Spiro," the sources asserted that "90 percent of the costs will be paid by the Arab countries, including fuel and food, while the remaining 10 percent will be paid through a special UN fund."

As for the total cost of the operation, the sources said that "so far it has not surpassed $1.5 million." They added: "President Menem will be the one to decide if and when we will send an Army unit to the Persian Gulf," since "no country has made such a request so far."

Meanwhile, Argentine Foreign Minister Domingo Cavallo joined the presidential entourage in Rome this morning soon after departing Riyadh, the capital of Saudi Arabia, where he held an important meeting with King Fahd. Diplomatic sources said that Cavallo's meeting with King Fahd "was exceptional because it lasted more than two hours, which is unusual for the Arab king, who expressed his gratitude to Argentina."

"King Fahd said he will make an effort to get Arab businessmen interested in investing in Argentina to reward the Argentine Government's decision to send troops" to the area, a spokesman said.

The sources reported that "Saudi Arabia acknowledged Argentina's gesture of carrying its flag to the conflict area." They also said King Fahd suggested during the meeting that Argentina "act as a bridge to improve Saudi relations with the rest of Latin America."

Defense Ministry Reiterates Gulf Policy

PY2310015890 Buenos Aires DYN in Spanish 0030 GMT 23 Oct 90

[Text] Buenos Aires, 22 Oct (DYN)—Today the Defense Ministry ratified that the Argentine vessels that have been sent to the Persian Gulf will "avoid" any type of action that implies the use of force, although it warned that the UN Charter foresees "the use of weapons in the case of legitimate defense."

In an official communique released this afternoon, the Defense Ministry confirms that the destroyer Almirante Brown and the corvette Spiro will patrol in the Gulf of Oman near the Strait of Hormuz to guarantee the economic blockade against Iraq.

The Argentine vessels, which will implement "severe control and monitoring of maritime traffic," will share patrolling areas with Australian and U.S. vessels.

"In this task the naval units will avoid any type of action that implies the use of force," the official communique stresses, and adds that "the current rules only permit the use of weapons in cases of legitimate defense, as is contained in Article 51 of the UN Charter."

The Defense Ministry also officially confirmed that Captain Eduardo Roshental has participated in meetings with the commanders of the 11 naval forces deployed in the Gulf to coordinate the action to be taken.

"The participating forces do not have a unified command; the Argentine force will act on the same level as the other forces and will depend directly on Argentine authorities," the communique stresses.

Regarding supplies for the Argentine troops, the ministry admits that "talks are being held to formulate agreements that will permit use of the region's ports by the Argentine vessels."

The Defense Ministry indicates that the situation provoked by the annexation of Kuwait must be termed a "crisis," and adds that "the naval forces are operating in international waters and, therefore they do not compromise the security of the local population or that of persons who are not directly involved in the conflict."

In this respect, the ministry explains that the naval commanders "can adequately evaluate the degree of intensity and their participation" in the conflict.

Defense Minister Comments on Seineldin Case

PY2210170690 Buenos Aires DYN in Spanish 1240 GMT 22 Oct 90

[Text] Buenos Aires, 22 Oct (DYN)—Defense Minister Humberto Romero today asserted that the situation within the Army is "absolutely normal." He confirmed that Colonel Mohamed Ali Seineldin has been summoned for a meeting at 1400 to ratify or clarify before the military courts the terms of a letter he submitted to President Carlos Menem.

Romero made a statement to the media at Government House after meeting with Eduardo Duhalde, vice president and acting president. The defense minister said he had been instructed "to continue with the proper institutional proceedings" in the Seineldin case.

[Buenos Aires TELAM in Spanish at 1245 GMT on 22 October 1990 carries a similar item that reports that "Vice President Eduardo Duhalde, who is acting president, has imparted 'precise' instructions to Defense Minister Humberto Romero so that the case of Colonel Mohamed Seineldin (retired) will 'follow the normal institutional proceedings, through the military courts, which in this case will be the Army courts.'

"After meeting with Duhalde at Government House, Defense Minister Romero said that the retired colonel 'must appear before the military judge' this afternoon at 1400."]

Seineldin Under Confinement

PY2210201290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1940 GMT 22 Oct 90

[Text] Buenos Aires, 22 Oct (NA)—Colonel Mohamed Ali Seineldin, retired, was punished with 60 days of confinement in a military unit in La Pampa after he ratified the terms of a note he submitted to President Carlos Menem.

Seineldin himself disclosed that sanctions had been imposed on him and that he was leaving for La Pampa. Regarding the letter he sent to President Menem, he said: "As a soldier, I have to tell the truth."

UK Parliament Members Talk About Visit

PY2310021290 Buenos Aires TELAM in Spanish 1215 GMT 22 Oct 90

[Text] Posadas, 22 Oct (TELAM)—A group of members of the British Parliament that is visiting Misiones intends to travel to the federal capital at noon today to meet with Acting President Eduardo Duhalde.

During a meeting with journalists, the British legislators voiced their optimism on the future of economic relations between the United Kingdom and Argentina, and at the same time, noted that the sovereignty of the Malvinas Islands is not included in the agenda of talks they will hold during their visit to Argentina.

Michael Marshall, of the Conservative Party, said that exports of Argentine tea had "dropped, as is only natural, but that they will return to their traditional levels," and mentioned that there is an interesting possibility of promoting tourism, especially to the Iguacu Falls region.

The British delegation arrived in Posadas yesterday in response to an invitation from national Deputy Ramon Puerta (Justicialist Party, Misiones Province), during the 84th Interparliamentary Union Conference in Punta Del Este, Uruguay.

Yesterday the British legislators visited Iguacu Falls and met with local tourism representatives and hotel managers. In the evening they were feted by Misiones Governor Julio Humada.

This morning the British visitors met with local businessmen; at noon they plan to travel to the federal capital. In the evening they will be feted by Duhalde.

Bomb Damages British Hospital in Buenos Aires

PY2210122690 Buenos Aires DYN in Spanish 1115 GMT 22 Oct 90

[Text] Buenos Aires, 22 Oct (DYN)—A bomb exploded before dawn today in front of the British Hospital in Buenos Aires, causing damage but no injuries.

The bomb went off at 0300 outside the hospital morgue at 1657 Finochietto Street. The explosion broke glass windows and doors of the hospital and damaged nearby buildings. The explosion also damaged cars parked in front of the hospital.

Ministry Denies Border Conflict With Chile

PY2210151290 Buenos Aires TELAM in Spanish 0115 GMT 19 Oct 90

[Text] Buenos Aires, 19 Oct (TELAM)—The Argentine Foreign Ministry today denied any possibility of an eventual border conflict with Chile in the Termas de Copahue area, which borders Neuquen Province in Argentina, thus denying media reports on this subject.

The Foreign Ministry states in a communique that "there is no border conflict with Chile in the Copahue region." The communique adds that reports on hypothetical disagreements within the Argentine-Chilean joint border commission "are completely false."

Argentine Foreign Ministry sources consulted by TELAM praised "the complete normality" with which the binational commission is operating and its "willingness to seek negotiated solutions if any disagreements do arise." Argentine Foreign Ministry spokesmen reported that the binational border commission held its last working meeting in September and that "there were no disagreements between the two parties at the time."

President Menem Visits Italy, Vatican City

WA2310115790

For reportage on the visit by President Carlos Menem and Foreign Minister Domingo Cavallo, including a report on the Italian request for the extradition of former junta members, please see the Italy & Vatican City section of the 22 October West Europe DAILY REPORT and subsequent issues.

Brazil

Police Investigate S.O.S. Iraq Campaign Scam

PY2010190690 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 19 Oct 90

[Text] The Federal Police in Brasilia started to investigate the S.O.S. Iraq campaign by going to the Iraqi Embassy first.

Today Federal Police officers, accompanied by a guard, entered the Iraqi Embassy where they investigated the embassy's possible link with the S.O.S. Iraq campaign.

The Federal Police are trying to find out whether the S.O.S. Iraq campaign to collect medicines and powdered milk for Iraqi children is genuine or just a scam. During the investigation at the Iraqi Embassy today, the policemen found no stored foodstuffs or medicines; however, Iraqi Ambassador Qays al-Mukhtar admitted that he had sent a letter thanking the campaign organizers for their support.

The Iraqi Embassy secretary general said that nobody at the embassy is trying to stop the campaign. According to him, the ambassador supports any type of help to Iraq, and this is the only reason why he sent the thank-you letter, without even knowing whether the campaign is genuine.

In the afternoon the coordinator of the S.O.S. Iraq campaign, (Aldo de Melo Filho), and his eight advisers, left a five-star hotel in Brasilia, where they spent three days while—according to them—they were arranging details of the campaign. The hotel management refused to disclose who had paid the bill.

The Sao Paulo Police have identified the coordinator of the S.O.S. Iraq campaign as a former convict who made a lot of friends during his campaign to collect milk and medicine for Iraqi children.

The S.O.S. Iraq committee was dismantled, and nobody knows where the three tons of milk collected in the name of Iraqi children are. Until yesterday some of the cans were on display at the committee's office, but those involved in the campaign have contradictory information on what happened to the rest of the milk.

[Begin recording] [Reporter] Where is all that milk?

[First unidentified speaker] In Brasilia.

[Reporter] Where in Brasilia?

[First speaker] In the embassy.

[Second unidentified speaker] We are going to hand it over to UNICEF and ask them to ship it to Iraq. [end recording]

Not only has the milk disappeared, but also the coordinator of the campaign, but he has a good reason to do so. (Mohammed Hammad) went around saying he was an Iraqi citizen and that he had free access to the Iraqi Embassy, but in truth he is a Brazilian citizen, identified as (Amauri Roberto Justino), who has frequently been arrested by the Sao Paulo police.

(Amauri Justino) left the penitentiary five months ago where he served a sentence for theft, but this is only one of the entries on his police record where it appears that he has been sentenced eight times. He spent the past two days in a luxurious hotel in Brasilia, together with the other members of the committee.

(Amauri Justino) registered as (Mohammed Hammad) at an apartment hotel in downtown Brasilia, but nobody knows his whereabouts now.

The police are investigating the case; they have already questioned one member of the committee, and they are now trying to find out what the true purpose of the bogus campaign was.

No Plans Made for Manufacturing Atomic Bomb

PY2110233290 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 19 Oct 90

[Text] Brazil has the capability of making nuclear fuel, but the government guarantees it will not manufacture an atomic bomb.

This information was confirmed today during a visit by a Chamber of Deputies investigation committee to the Navy Nuclear Research Center in Ipero, Sao Paulo State.

The Navy Nuclear Research Center began work secretly 12 years ago. Its work became public in 1987, but the secrecy continues. During the congressional committee's visit today to investigate the Parallel Nuclear Program, foreign journalists were prohibited from access to the center, but Brazilian reporters were able to enter the installation without photographic or television cameras.

The congressional committee was able to see the entire Navy nuclear structure in Ipero, 120 km from Sao Paulo. The committee verified that the Navy is developing the construction of reactors for future use in nuclear submarines and has the technology for uranium enrichment. The congressional committee's deputies and technicians were very impressed with the Navy's advanced technology, which is by far the most modern in the country in the nuclear field.

The committee members, who are concerned with the military use of that technology, were told the truth about a fact that has never been officially admitted. The Navy officers said that after the technology for uranium enrichment has been obtained, a bomb can be made, but the government does not plan to make it. Brazil can manufacture an atomic bomb if it wants to.

[Begin recording] [Luis Pinguelli Sosa, congressional committee adviser] The atomic bomb is a very serious thing, making one would be against the country.

[Jose Goldemberg, science and technology secretary] What happens with uranium enrichment is what happens with many other things like steel, for example, which can be used to make either a knife to cut bread or a cannon. The problem for civilian society and for the government is creating mechanisms to maintain control over the use of nuclear installations to prevent them from being used for nonpeaceful purposes. The government is going to comply completely with constitutional

regulations in this regard. Nuclear energy in Brazil will be used exclusively for peaceful means. [end recording]

Congress Approves National Budget Revision Bill

PY2210154490 Rio de Janeiro O GLOBO in Portuguese 17 Oct 90 p 3

[Excerpt] Brasilia—Following three months of discussion, Congress finally achieved a quorum yesterday to vote on and approve the 2.5 trillion-cruzeiro national budget revision draft bill. The Treasury has therefore been authorized to release the funds necessary to pay the expenses of the three government branches. The presence of 314 deputies and senators guaranteed the approval of the draft bill sponsored by Deputy Joa Alves (Liberal Front Party—Bahia) to replace that of the executive branch, by 264 votes to 46 with four abstentions.

Although the approval of the draft bill after three months of frustrated effort cannot be considered a victory for the new Justice Minister Jarbas Passarinho—he has still not been able to reach an agreement with the leftist parties—the approval does relieve the minister of a great problem. Passarinho yesterday visited party leaders in Congress to request their cooperation in the bill's approval, which was essential to continue the supply of essential public services. [passage omitted]

Congress also approved a 597-billion cruzeiro cut in state company investments, as proposed by the government. This means that state company investments this year will be 21 percent less than in 1989.

Embraer Sells 80 Tucano Planes to France

PY2210192590 Rio de Janeiro O GLOBO in Portuguese 17 Oct 90 p 25

[Report by Patricia Saboia]

[Text] Paris—The advanced technology of Embraer [Brazilian Aeronautics Company] has enabled it to win an international bid to sell 80 Tucano airplanes to France for $200 million (18.5 billion cruzeiros, at the commercial exchange rate). The most important competitors, Pilatus of Switzerland, and Squales [not further identified] of Belgium, did not meet the main demands of the purchasers: The Pilatus aircraft of the same category as the Tucano does not have an ejector seat, and the Belgian aircraft uses a jet engine that has a very high operational cost. Thus, the Brazilian Tucano turbo-prop plane became the winner.

The contract signed with France is also the result of a "compensatory clause" signed between the governments of France and Brazil more than two years ago. On that occasion the Brazilian Army purchased Ecureuil helicopters from the French Aerospatiale company and negotiated the commercial compensation clause between the two countries.

Michel Cury, Embraer representative in Paris, said yesterday that the best evidence that the Brazilian airplanes won on quality and price is that even the French Omega and Epsilon aircraft were defeated in the bid. Cury will wait a few more days to celebrate. He said:

"Although the contract has already been signed, the French Ministry of Finance must give the final word on deals made by any government agency. Embraer is still waiting for the approval of Finance Minister Pierre Beregovoy before considering the deal closed," Cury said.

The 80 Tucano airplanes will be assembled in Brazil and delivered over four years. The first two planes will fly directly to Paris—unlike the 135 airplanes sold to the British RAF [Royal Air Force] a few years ago, which had to be assembled under a British-Brazilian joint venture [two preceding words given in English]. Although the payment agreed on with France does not include any form of financing, payment will be made in installments each time Embraer makes a delivery.

Aeroflot Begins Studies for Air Link

PY2010023690 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Oct 90 p 16

[Report by Noenio Spinola]

[Text] Moscow—Aeronautics Minister Socrates Monteiro and Soviet Aviation Minister A. Dunayev [title as published] have said during a meeting here that "both parties have agreed to start the technical" studies for regular air service linking the USSR and Brazil which would involve Aeroflot and a Brazilian firm.

The information was released yesterday by a high-ranking official who participated in the meeting. He said, however, he could not confirm that a mission has departed from this city to discuss the matter. Aeroflot operates on an international scale, and the firm's technicians could have departed from anywhere in Europe, or even Argentina, where Aeroflot operates on a regular basis.

Aeroflot has been pressured to open its market reserve and will have to adopt a more aggressive attitude if it wants to counter the loss of a long-standing monopoly. The firm has been negotiating to operate at Brazilian airports for over 10 years. Aeroflot's counterpart should be Varig, which flies to Frankfurt, Germany, and to other cities in the heart of Europe less than three hours from Moscow. Varig is not very interested in the Moscow route because its geographic location apparently would not offer enough passenger traffic to cover costs.

According to leaders of the Brazilian firms that are moving to Moscow, the increased trade between the two countries might cause Varig to change its mind.

Reportage on President's Visit to Portugal

WA2310120890

For reportage on President Fernando Collor de Mello's five-day official visit, including reports on his talks with Portuguese President Mario Soares and other authorities, please see the Portugal section of the 22 October West Europe DAILY REPORT and subsequent issues.

* Personality of Labor Minister Magri Described

90SM0277A Rio de Janeiro MANCHETE in Portuguese 22 Sep 90 pp 78-81

[Article by Jose Fonseca Filho: "An Intimate Look at Minister Antonio Magri: A Judoka' on the Labor Mat"; first paragraph is MANCHETE introduction]

[Text] In the tradition of his good old "black belt" days, Magri is facing—in his heart and in his ethnicity—his greatest challenge: that of being the first minister of labor and social welfare to have come directly from the labor unions. Initially, the invitation from President Fernando Collor de Mello had surprised the labor union leader Rogerio Magri, a 48-year old electric power worker of peaceful habits (despite being a judo and Greco-Roman wrestling champion). But he stepped forward and immediately began to advocate his theories, one of which is the belief that negotiation among workers, employers, and government is the only way to overcome the crisis and resume development. Here is a "round by round" description of this fight being waged by the minister, who in his leisure time sings and prepares macaroni dishes.

In his leisure hours—which are now infrequent—he also practices judo and Greco-Roman wrestling and jogs along the streets of Brasilia. In the evening, after dining at home with his wife Isabel—whom he helps in the kitchen to prepare fried chicken or a macaroni dish—he visits friends and sings, preferably older compositions by Nelson Goncalves, Orlando Silva, and Joao Dias. It is then that he laments the only frustration of his life: not being able to play the violin so that he could accompany himself when he sings. As if this were not enough, he is also a former ballroom dancing champion of the dance halls of Sao Paulo—an activity that he is also unable to continue because of his duties as a cabinet minister.

This man—who works every day from 0830 hours to 2130—was a labor unionist all his life and for 12 years headed the Electric Power Workers of Sao Paulo, always being elected directly "with more than 75 percent of the votes," he recalls proudly. In response to President Fernando Collor's invitation, he became the first minister of labor in Brazil's history who is an authentic labor leader, thereby breaking with a tradition of lawyers and politicians. Antonio Rogerio Magri—at 48 years of age one of the examples of the so-called "result-oriented trade unionism"—aspires to carry out a revolutionary administration. Some of the theories he advocates are regarded as controversial and are viewed with misgivings in labor circles, such as his thesis that there should be direct negotiations between employers and employees to obtain wage readjustments and an end to the labor union tax.

Labor Minister Rogerio Magri acknowledges that he was surprised at the invitation extended him by the president, but was not frightened by his new responsibilities. He realizes that Brazilian trade unionism needs to be reformulated on new bases of understanding, by bringing together government, workers, and businessmen. The important thing, he says, is dialogue accompanied by awareness of each group's responsibilities and rights, among which he includes wage increases for the workers along with economic growth and consolidation of the free enterprise system.

"Nothing is gained by blacking out the power supply, vandalizing factories, or staging strikes, just as employers cannot remain insensitive to the social aspects of labor relations," the minister emphasizes.

It was only a few weeks ago that Rogerio Magri was able to complete his move to Brasilia and occupy an apartment in the Asa Sul section of the city. His children Teresa Cristina and Douglas, and his grandchildren Luana and Juliana, had stayed in Sao Paulo. They were not as distant as it might seem, however: the minister travels there frequently, because half of Social Welfare's operational organizations are located in Sao Paulo.

Rogerio Magri was an electric power worker all his life, just like his father, his son, and his son-in-law, all working for the former Power Company, today the Eletropaulo. Along with his move to Brasilia, Magri is reorganizing his personal life. He no longer lives in the air, on the "air bridge." His wife Isabel has fallen in love with Brasilia, and he has already found a place to practice his sports: the Army Academy, where he goes every Sunday morning.

Magri—who is a "black belt" in judo, the Greco-Roman wrestling champion of Brazil, a weight lifter, and a runner—discontinued his exercise program but has now resumed it fully. To complement these rare leisure moments, he also sings. Magri accordingly meets after business hours with friends such as Governor Wanderley Vallim of Brasilia, who accompanies him on the electric organ while his wife sings duets with the minister.

"This is the way I rest up from the activities of the ministry," he comments.

These small dinner concerts are also held at the home of the minister's chief administrative aide, Marcos Coimbra, who also sings in his free time. Magri is unable to play the violin, because of an index finger injured in an accident that occurred, he says, "when I was digging trenches for underground cables."

Always hale and hearty and smiling, the minister admits to being a happy man who has found fulfillment in his work, his family, and his friends.

"I have had no frustrations in my entire life," he adds, "except being unable to play the violin."

Informal in his style, he enjoys good relations with all the cabinet ministers and with President Collor, and his hearty embraces and smiles are celebrated by his friends. A conscientious worker, he emphasizes that the Brazilian labor movement needs to evolve. He cites the example of the First World to illustrate his conviction that through economic stabilization and modernization of the free enterprise economy the workers will soon enjoy advantages and rights similar to those of the developed countries.

One of Rogerio Magri's first acts as minister of labor was to discontinue the long-standing practice of accepting real estate in payment of social welfare debts—a practice that had made the Social Welfare department the world's biggest owner of real estate. The department wound up with approximately 17,000 pieces of real estate property of all types—property that has no profit potential and requires expenditures for administration and maintenance. All of these properties will now be sold and the proceeds applied to the expansion of social services, including the creation of new full-time public health clinics.

Rogerio Magri has no intention of participating in politics after his stint in government and believes that the unions cannot take part directly in politics, a role that belongs to the political parties. The minister nonetheless has good friends in politics, among them Paulo Maluf and Luis Antonio Fleury, both of whom are candidates for governor of Sao Paulo. In the labor union area, one of his best friends—whom he calls his "brother"—is Luis Antonio de Medeiros, president of the Federation of Metalworkers of Sao Paulo.

Magri's relations with Luis Inacio Lula da Silva are difficult, although his responses to some of the attacks directed at him by the former candidate for president of the Republic are ironical in tone.

"Lula and I," he says, "are workers and schoolmates. Both of us have completed only elementary school."

The minister speaks of Lula with affection and recalls that at the commemoration of 1 May 1980 in Vila Euclides, the two took part jointly in a mass meeting of thousands of workers.

"We have differences of an ideological nature, and each of us is going his own way," Magri comments.

A descendant of Italians from Padua, Magri admits to being a "homebody" who enjoys his family and the domestic pleasures.

"I go out to visit my friends and take my workouts," he says, "otherwise I am always at home."

He makes many trips in his capacity as minister, but now he at least has his new residence established.

Rogerio Magri also recalls with pleasure his Bohemian days in Sao Paulo. He was a "regular" at Avenida Dancing and was one of the dancers most in demand among the women.

"I love to dance any step," he says.

He also recalls the Crystal Sound, which he considers to be the best dance hall in Brazil. It was there that he met his wife Isabel. He later returned there with Isabel to celebrate their silver wedding anniversary and met three waiters who had waited on them in the old days.

"It was an emotional moment for everyone," he says.

In politics, he is an admirer of Governor Orestes Quercia but reserves his greatest enthusiasm for the president of the Republic.

"President Collor," Magri says, "is himself a political and sociological revolution. He has the power to transmit courage, strength, and a feeling of security to those who work with him in the government as well as to the people." And the minister of labor concludes by saying: "It is a long time since I have been as enthusiastic about a leader as I am now."

Chile

Aylwin Reportedly Receives Cable From Husayn

PY2310012890 Santiago LA TERCERA DE LA HORA in Spanish 18 Oct 90 p 14

[Text] Foreign Minister Enrique Silva Cimma has confirmed that Iraqi President Saddam Husayn sent a cable directly to President Aylwin. The foreign minister released this report at the Arturo Merino Benitez Airport when he was asked about the return of Chilean Ambassador to Syria and Iraq Nelson Hadad.

When he was asked whether it was true that Hadad brought a message from the Iraqi Government to the Chilean Government, he answered: "No, but I understand that Husayn previously sent a cable directly to President Aylwin."

Other government sources reported that although Husayn's message is secret, it contains a broad explanation of his points of view on the Persian Gulf situation.

Electoral Board To Legalize Communist Party

PY2210202990 Santiago Radio Chilena Network in Spanish 1600 GMT 22 Oct 90

[Text] Following the presentation of 61,400 signatures to the Electoral Service, the Communist Party of Chile this morning completed the requirements for its legalization. The Communist Party of Chile has been outlawed for 17 years, during which it remained active underground. This situation has now ended as the final requirements for its legalization have been completed.

Volodia Teitelboim, president of the party, led the delegation of leaders who reported to the Electoral Service where they were met by the director, Juan Ignacio Garcia. Teitelboim said that today is a day for profound reflections.

[Begin Teitelboim recording] For the old party militants, the joy cannot be defined because we are alive to witness this moment when the party returns to legality. Not always during that 17-year pilgrimage through the world were we certain that we would live to see this moment, but we have. [end recording]

We have to thank all those who contributed to the party's legalization, both those who signed and those who struggled but are not longer with us, Teitelboim said.

The party's directorate, which is headed by the former congressman, comprises German Gonzalez as secretary and Carlos Molina as treasurer. The supreme tribunal comprises Julieta Campuzano, Gaspar Diaz, and Americo Zorrilla. Among those present at the office of the Electoral Service were Luis Corvalan, Gladys Marin, Guillermo Sherpin, Manuel Cantero, and the popular musician Angel Parra.

Gladys Marin noted that the party will give priority to activities for the less privileged social sectors and for democratic stabilization.

[Begin Marin recording] We are in favor of radically transforming society. Today we strongly support this transition to democracy. This implies, among other things, great honesty in making political proposals. I have to confess that I am not one to applaud what is not right, but I am convinced that Chile needs a democratic, popular, and leftist alternative. [end recording]

Gladys Marin emphasized that the Communist Party supports the fundamental principles of Marxism-Leninism, and that within the deadline of three months stipulated in the laws, the party will hold its internal elections to elect its new directorate.

The completion of the legalization process will be celebrated this coming Sunday, 28 October, with a mass rally at the Caupolican Theater.

Rojas Cited on Lifting of Kennedy Amendment

PY2210141090 Madrid EFE in Spanish 1613 GMT 21 Oct 90

[Excerpts] Santiago, 21 Oct (EFE)—Chilean Defense Minister Patricio Rojas today confirmed that the U.S. Government will partially lift the Kennedy Amendment, which established an embargo on the sale of weapons to Chile. This embargo, which began in 1976, will no longer be applied to the Chilean Air Force (FACh).

This decision was made by the U.S. Congress Appropriations Committee, which modified the amendment to free the FACh from the embargo on the sale of materiel and spare parts, Minister Rojas reported. [passage omitted]

The military branch most affected by the amendment was the FACh, which could no longer replace or repair its defense equipment, almost all of which was made in the United States.

Confirming that only the FACh has been freed from the embargo, the Chilean defense minister expressed his dissatisfaction over the partial nature of the measure: "We believe that this is not appropriate in terms of what we are doing as a government to get the Kennedy Amendment lifted. It is not up to us to comment on an autonomous decision of the U.S. Congress, but we believe that this amendment must be lifted before the end of the year."

Local press sources have pointed out that the lifting of the sanctions against the FACh is a type of punishment for General Augusto Pinochet, who, after the coup on 11 September [1973], governed Chile until 11 March 1990, when President Patricio Aylwin took office.

Since then the democratic administration has been insisting on the need to lift the Kennedy Amendment due to the radically changed human rights situation in Chile.

A few weeks ago the Chilean Government confirmed its desire to cooperate in the U.S. investigation into the murders of Orlando Letelier, defense minister under the late President Salvador Allende, and Ronnie Moffit, his U.S. secretary, which took place on the streets of Washington. Letelier and Moffit were murdered by members of the Pinochet regime's secret police with the aid of exiled Cubans living in Miami.

Colombia

Guerrillas Reportedly Willing To Talk for Peace

PA2310030090 Bogota Inravision Television Cadena 1 in Spanish 1731 GMT 22 Oct 90

[Text] The winds of peace have finally started to blow in Colombia. The FARC [Revolutionary Armed Forces of Colombia], ELN [National Liberation Army], and PRT [Revolutionary Workers Party] have joined the Democratic Alliance M-19 [19 April Movement] and EPL [Popular Liberation Army] in the search for a national dialogue to put an end to violence. The Simon Bolivar National Guerrilla Coordinating Board [CNG] has announced its determination to stop the kidnappings, extortion, blackmail, and blowing up of oil pipelines.

Since the M-19 demobilized early this year, the country has witnessed with great hope the government's numerous efforts to sign peace agreements with the remaining five guerrilla movements, which still use arms to pressure the government.

Today, when the CNG announced its proposal to create a high-level commission to bring the rebel's central command and the Narino Palace closer together, the Colombian people again started feeling optimistic. This morning, the government of President Cesar Gaviria described as very positive the CNG's initiative, and said that every attempt to consolidate peace in Colombia will be welcomed.

The expectation created by the guerrillas' demobilization is again floating in the air, and it was increased in the past few hours after a government commission visited the La Uribe, Meta camps.

[Begin recording] [Government Minister Julio Cesar Sanchez] We believe it is extremely important that this demobilization and peace process be expanded with the CNG's incorporation so they can participate directly in the Constitutional Assembly.

[Government commission member Alvaro Leyva] We should not look into the past but into the future. I am convinced that peace is near at hand. [end recording]

In the next few days, the country will again wonder whether the peace that the Colombian people have desired for so long will finally be attained or not.

Patriotic Union Councilwoman Murdered

PA2210225390 Madrid EFE in Spanish 1941 GMT 20 Oct 90

[Text] Medellin (Colombia), 20 Oct, (EFE)—Edilma Moreno Uzuga, agricultural leader and Patriotic Union (UP) councilwoman, was murdered today by unidentified persons in Apartado (Antioquia) while on her way home from visiting her brother who had been wounded in two previous attempts on his life, said the police.

The authorities pointed out that the 27-year-old councilwoman was shot while driving her motorcycle to her home in Policarpa Salavarrieta neighborhood in Apartado, some 150 km from Medellin, capital city of the Antioquia Department.

The sources added that Ernilson Moreno, a brother of the victim and also a union activist, had survived an attempt on his life in the nearby town of Chigorodo on 18 October while he was being taken to Medellin by ambulance after a gunfire attack.

Edilma Moreno was a member of the Union of Agricultural Workers of the Uraba region, an important banana-producing region of the country, and was elected UP councilwoman last March.

The political group was founded in 1985 after a temporary cease-fire was declared by the Revolutionary Armed Forces of Colombia (FARC). Since then, almost 500 of its members have been murdered.

In the preliminary investigation, the police have attributed the death of the councilwoman to paramilitary groups who are fighting leftist militants and labor union leaders in the Uraba region.

Foreign Investment Decrease Continues

PA2310011990 Bogota EL TIEMPO in Spanish 12 Oct 90 pp 1a, 8a

[Text] Colombia's image abroad is getting increasingly worse for foreign investment. In the last nine months, foreign investment in Colombia has decreased by 68 percent, as compared to the same period last year.

The National Planning Department (DNP) reported yesterday that between January and September it had authorized 137 requests for foreign investments totaling $141 million. This amount is merely a third of the $441.9 million invested last year in the country during the same period.

The manufacturing sector, with 64 percent, attracted the most foreign capital during the past nine months. The metalworks industry registered $40.8 million, the most important investment being that by the Renault Automobile Works with $20.8 million, half of which came from the Toyota Motor Corporation, and the rest from the Renault Company in France. The Colmotores Automobile Manufacturing Company registered an investment of $4.5 million by the Japanese Mitsui Company, Limited.

The paper industry was next with $26.5 million (18.7 percent). The Carton de Colombia Company with $10.7 million and the Propal Company with $9 million were the most favored. The chemical industry was third with investments totaling $16.9 million.

Second after the industrial sector, the transportation, storage, and communications sectors attracted 14 percent or $19.6 million of foreign capital. Most of this investment was used by the ESSO Colombia Company for work on the pipeline.

The mining sector was next with $12.5 million, with the U.S. Drummond Company investing $10 million in coal mining.

The DNP reported that $94.2 million came to Colombia as foreign exchange; $21.5 million, as investments in pesos with drawing rights; $14.2 million, in capitalization of excess profits; and $2.1 million, through nonreimbursable licenses.

About $55 million, or 39 percent of the total, corresponds to 51 requests for new projects or creating new enterprises.

DNP said that 50 percent of the foreign investment had come from the United States, 11.2 percent from Japan, 7.3 percent from France, six percent from England, and 4.4 percent from Panama.

The drop in foreign investment is not new. The DNP report states that foreign investment has decreased considerably since 1985. Total foreign investment until April was only $3.404 billion.

The decrease is continuing, despite the lifting of several restrictions imposed by the Andean Pact. In February the government announced increased incentives for investors, but not even this has given good results.

In view of the situation, a few days ago the government presented a bill to Congress asking for more incentives to

foreign investors. The bill expands areas in which foreigners can invest, including financing, and authorizes higher profits. It also proposes giving foreign investors equal tax treatment as locals, eliminating taxes in cases of reinvestment of profits for more than 10 years, and allowing access to local credits with subsidized interests.

Four Kidnapped People Found Dead in Cauca

PA2210201090 Paris AFP in Spanish 1714 GMT 23 Oct 90

[Text] Bogota, 20 Oct (AFP)—Four persons who had been kidnapped in Colombia were found dead on 20 October in a pasture in El Ortrigal, Miranda Jurisdiction, Valle del Cauca Department (southwestern part of the country), the Colombian police have reported.

The four persons—three men and one woman—had been kidnapped on 18 October by armed men who took them from a home in the Aguablanca neighborhood, 500 km southwest of Bogota, without anyone being able to do anything to stop them.

The police reported that three of the bodies had multiple fractures and signs of having been tortured and strangled, and their faces had been burnt, apparently with acid. The fourth body had one bullet wound in the forehead.

"They were all very poor people," said a Miranda official who ordered their burial in simultaneous ceremonies paid for by the municipality.

Police statistics point out that approximately 930 persons have been kidnapped so far in 1990 in Colombia by common criminals, organized crime, and the subversive groups.

The Bogota police also reported that on 20 October it rescued safe and sound a young emerald merchant in Ibague, 200 km south east of Bogota, as well as a woman for whom the common criminals were demanding 100 million pesos, approximately $40,000.

Defense Minister Oscar Botero Visits PRC

WA2310112690

For PRC reportage on the visit by Oscar Botero Restrepo, Colombian minister of defense, and his delegation to China, including reports on talks with President Yang Shangkun and Defense Minister Qin Jiwei, see the Latin America section of the 23 October China DAILY REPORT and subsequent issues.

Ecuador

Bucaram 'Forcibly' Occupies Legislative Chamber

PA2310012190 Paris AFP in Spanish 2232 GMT 22 Oct 90

[Text] Quito, 22 Oct (AFP)—Averroes Bucaram, ousted Ecuadoran congress president, this afternoon forcibly occupied the guarded legislative chamber. This occurred one hour before two separate sessions, which were called by Bucaram and the new congress president, socialist Edelberto Bonilla, were scheduled to begin.

Bucaram took over the legislative chamber with the support of deputies from the Concentration of Popular Forces (CFP); the rightist Social Christian Party (PSC), followers of former President Leon Febres Cordero; and the Ecuadoran Roldosist Party, followers of his cousin, Abdala Bucaram.

The occupation occurred after a CFP deputy broke the locks on the doors to the legislative chamber. The members of the rightist coalition and the CFP entered the chamber and remained there waiting for the decision of Bonilla and the majority.

Bucaram was removed on Thursday [18 October] when the majority of the congress elected Bonilla to replace him; however, he remained inside the building until early Saturday morning when the police removed him at the request of the new congress president. The two men had convoked meetings for 1600 (2100 GMT) today. Much anticipation surrounded this summons.

A majority of 39 deputies out of a total of 72—which includes conservatives, social democrats, Christian democrats, socialists, and communists—removed Bucaram from office and charged him with violating the Constitution and congressional rules, curbing freedom of expression, allowing criminal attacks on deputies, and "endangering the country's constitutional regime."

[In a similar report, Paris AFP in Spanish at 2300 GMT on 22 October adds the following: "an hour before the meeting, Bucaram occupied the legislative chamber and began a meeting without the established quorum. Meanwhile, Bonilla and the majority of deputies began another meeting in another hall."]

Paraguay

Minister Rebuts U.S. Envoy on Labor Code

PY1910175090 Asuncion NOTICIAS in Spanish 19 Oct 90 p 15

[Quotation marks as published]

[Excerpts] Justice and Labor Minister Hugo Estigarribia has rejected remarks by U.S. Ambassador Timothy Towell, saying that his absence from the country has nothing to do with the delay in submitting the Labor Code amendment bill to Congress. He added that it is not necessary to carry out this action to get the sanctions imposed by the Generalized System of Preferences (GSP) lifted. [passage omitted]

Returning yesterday from a trip to the East, Estigarribia was asked for his opinion on Ambassador Towell's remarks. This is what he said to NOTICIAS: "I am not fully aware of what he actually said, but I went on an

official mission to represent the government at the Taiwanese celebrations and to comply with the specific task of negotiating technical assistance for the construction of regional prisons."

Estigarribia added: "I was not there as a tourist, to quote what he (Towell) said." He added that during the visit to Taiwan he carried out negotiations to strengthen credit programs.

"As for the lifting of tariff sanctions, if it depended exclusively on the Labor Code, it is ready to be submitted to Congress, regardless of whether the minister is in the country. [passage omitted]

Towell had said that certain government officials are on vacation," touring distant countries while the problems continue here." This was denied by the justice minister shortly after his arrival at Silvio Pettirossi International Airport.

Frutos on Possibility of Relations With USSR

PY1910200190 Asuncion ABC COLOR in Spanish 19 Oct 90 p 8

[Excerpt] The Soviets want relations with Paraguay.

The announcement was made on 18 October in Washington by a Soviet official who indicated that the USSR wants to establish diplomatic relations with our country. The announcement was received with surprise in official spheres. Consulted by this newspaper, Foreign Minister Alexis Frutos Vaesken did not reject the possibility. He indicated that the government will study the proposal when it is submitted formally.

"We have no official information regarding the Soviet initiative to establish relations with our country, but the government will wait for it and will study the proposal when it is submitted formally," the foreign minister answered, giving the first official reaction to the initiative of establishing diplomatic links between Paraguay and the Soviet Union.

The foreign minister reacted cautiously when he heard the news, although it is evident that a new foreign policy strategy is being implemented, considering that political and ideological barriers have always prevented any type of rapprochement with the Soviet bloc. Now it seems that there is a new policy regarding international relations.

The foreign minister also said that during his recent trip to the United States, where he participated in the UN General Assembly, "there was no contact or preliminary approach with Soviet diplomats. This piece of news out of Washington is the first reference that we have about the possibility of establishing diplomatic relations. It is quite new and it will require a profound evaluation."

The minister did not reject the idea. "If we have expressed our decision to establish relations with East European countries, then there is also the possibility of doing so with the USSR, providing the government studies the proposal once it is made," the minister reiterated. [passage omitted]

Central Bank Raises Required Reserve Deposits

PY2010151690 Asuncion ULTIMA HORA in Spanish 17 Oct 90 p 12

[Excerpt] Yesterday morning the Central Bank issued Resolution Number 1 increasing required reserve deposits for commercial bank deposits, thus confirming what we anticipated in this newspaper yesterday afternoon. The required reserve deposits have been increased from 20 to 37 percent on term deposits; from 30 to 37 percent on demand deposits; from 15 to 20 percent on foreign currency deposits; and from 10 to 15 percent on savings certificates.

The resolution calls for banks accepting deposits from the public to maintain required reserve deposits in local currency at the Central Bank in the form of demand deposits as follows:

a) Thirty-seven percent of term, demand, savings, and nonused credit [saldos no utilizados en creditos del publico] deposits.

b) Twenty-five percent of the total of savings deposit certificates issued in accordance with Resolution Number 1, Act Number 100, of 19 July 1989. This percentage also applies to savings deposit certificates issued by financial institutions.

c) Twenty percent of demand, term, and saving deposits in foreign currency, with required reserve deposits in the same foreign currency. [passage omitted]

Bank Adopts Monetary Measures

PY2210230990 Asuncion HOY in Spanish 20 Oct 90 p 16

[Text] Following the freeing of interest rates for bank clients, the Central Bank of Paraguay [BCP] has announced a series of monetary measures that include the monthly disbursement of a discount-rate line of credit of 107.9 billion guaranies. This, added to the commercial banks' contribution, amounts to 154.114 billion guaranies [as published] in total available credit for soybean and cotton producers.

The Central Bank president has also confirmed that the required reserves that must be deposited by banks have not been increased as was mistakenly reported. He said that the number of rates for such required deposits has been reduced from the six different rates existing before. He also said that the banks superintendence will exercise strict control over the private banks following the freeing of their lending interest rates.

The Central Bank has started to disburse the discount-rate credit line of 107.9-billion guaranies that has been authorized for the 1990-91 soybean and cotton crop for

this season. BCP President Dr. Crispiniano Sandoval has disclosed that to this discount-rate line of credit will be added the commercial banks' own line of credit which is worth 46.274 billion guaranies, thus giving a total credit of 154.114 billion guaranies [as published] for disbursement in October, November, and December 1990 and January 1991.

He explained that the overall line of credit will be disbursed monthly as follows: 59.17 billion guaranies in October; 38.504 billion guaranies in November; 33.1 billion guaranies in December; and 23.34 billion guaranies in January. The annual discount rate the BCP will charge to the commercial banks is 30 percent. The latter should establish a spread of no more than six percentage points, including a moderate administrative cost, Sandoval said.

The BCP president went on to explain that on 18 October the Central Bank established a new structure of rates for required reserves deposits by setting a single rate of 37 percent for all bank deposits in guaranies; of 15 percent for Savings Deposit Certificates; and of 20 percent for bank deposits in foreign currency.

This three-rate structure simplifies the former six-rate structure for required reserves deposits that existed before.

With the unified 37-percent reserves required for bank deposits in guaranies, those banks with 42 percent required reserves deposit will be able to lend more money. Other banks with deposits calling for less than 37 percent required reserves deposit will have to deposit money with the Central Bank to bring up their required reserves deposits.

The simplification of the rules for required reserves deposits seeks to streamline the system and to introduce new supervision mechanisms to pave the way for the BCP Open Market operation that will soon be implemented as an instrument of the monetary regulation.

Sandoval added that the BCP decided to let the commercial banks and the financial institutions freely determine their interest rates on clients' deposits and on loans to clients in response to supply and demand.

For the purpose of exercising control and operating the BCP money window, the commercial banks and the financial institutions will report daily to the banks superintendence the minimum and maximum interest rates paid on deposits and minimum and maximum interest rates charged on loans. The commercial banks and financial institutions will also be asked to report the weighted average of the interest rates paid on deposits made and the weighted average of interest rates charged on loans granted on the previous working day.

The BCP resolution also rescinded several old rules that regulated interest rates.

The freeing of interest rates seeks to strengthen the commercial banks position to compete for savings and capital deposits, as well as to expand credit for the productive sector. The freeing of interest rates will also promote a more rational allocation of the country's internal resources.

Argentina Offers Formosa Oil for Domestic Use

PY2210235590 Asuncion NOTICIAS in Spanish 20 Oct 90 p 11

[Excerpt] Through Argentine Defense Minister Humberto Romero, Argentine President Carlos Menem has offered to supply Paraguay with all the oil it needs for domestic consumption from Formosa Province. The Argentine defense minister and Formosa Governor Vicente Joga yesterday met with President Andres Rodriguez.

The Argentine defense minister reported that the meeting concentrated on cooperation and integration, which is achieved through bilateral ties.

Defense Minister Romero said that Formosa produces twice as much oil as is consumed by Paraguay. He added that this trade will considerably lower the price of oil because of reduced freight costs.

Romero said that while Paraguay will benefit by importing cheaper oil from Formosa, Argentina will benefit by selling its oil production; therefore, "both sides will benefit from this deal" he said.

Asked whether agreements will be signed and whether volumes have been specified, Menem's envoy said that he simply conveyed Menem's message. He added that there is willingness at the highest level in Argentina to support the current efforts being made to refine Argentine oil in Paraguay.

Romero said: "President Menem and the Cabinet have decided to place at Paraguay's disposal all the oil it needs." [passage omitted]

Spain's King, Queen Arrive for Visit

PY2210165090

[Editorial Report] Asuncion Red Nacional de Television in Spanish at 1350 GMT on 22 October begins live coverage of the arrival of Spain's King Juan Carlos and Queen Sofia at Silvio Pettirossi International Airport near Asuncion.

At 1359 GMT the king and queen are welcomed by Paraguayan President Andres Rodriguez and his wife. The national anthems of the two nations are played and Rodriguez and the king review the assembled troops on the tarmac.

After the keys to Asuncion are presented to King Juan Carlos, President Rodriguez begins to speak. He points out that Paraguay welcomes the Spanish royal couple with "great joy" and that they are arriving in democratic times. He notes that Paraguayans are proud of their

Spanish and Indian blood and says that the challenge is to achieve integration, including between Spain and Latin America.

At 1411 GMT King Juan Carlos begins a brief statement in which he thanks Rodriguez for the cordial welcome and says that he hopes this visit will strengthen ties between Spain and Paraguay.

At 1412 GMT President Rodriguez and his wife introduce Cabinet members and prominent personalities. At 1419 the Spanish king and queen depart the airport for their hotel. Rodriguez speaks briefly to reporters, noting that he hopes this visit will result in significant Spanish aid for Paraguay.

Peru

Army General Dies Following 19 Oct Ambush

PY2010140190 Madrid EFE in Spanish 0606 GMT 20 Oct 90

[Text] Tarapoto (Peru), 20 Oct (EFE)—Police have reported that General Mario Brito Ganoza [name as received], commander of Peru's northeastern military region, died today as a result of wounds he sustained yesterday in an attack in Tarapoto, 800 km northeast of Lima. The driver of the car he was riding in died instantly in the attack.

A group of gunmen ambushed the general in a street on the outskirts of the city, firing at Gen. Brito's car. According to witnesses, the general sustained several bullet wounds.

Although no group has yet claimed responsibility for the attack, the police attribute it to the Marxist guerrilla Tupac Amaru Revolutionary Movement (MRTA), which on several occasions has attacked military garrisons in the zone of Tarapoto, considered an MRTA stronghold.

The MRTA has claimed responsibility for killing General Enrique Lopez Albujar, former Peruvian Army commander in chief and former defense minister, on 9 January 1990 in Lima.

Lima TV Reports General Wounded

PY2110193090 Lima Television Peruana in Spanish 0100 GMT 21 Oct 90

[Text] General [Gen] Mario Brito Romero, who was wounded in a terrorist attack, was brought to Lima today. Gen. Brito is commander of the San Martin Political-Military Command. A bullet is lodged in his left lung. He was taken to the military hospital.

Government Appoints New Agriculture Minister

PY2310023290 Lima Television Peruana in Spanish 0100 GMT 23 Oct 90

[Excerpt] Agronomist Enrique Rossl Link was sworn in by President Alberto Fujimori as the new agriculture minister during a ceremony at Government House today.

Rossl Link, who is 59, graduated as an agronomist in 1961. He received his masters degree [words indistinct] in Turrialba, Costa Rica, in 1967. He was executive director of the Investment and Development Study Center and president of the Forestry Science School Teachers Council at the Agrarian University of La Molina. [passage omitted]

Police Seize 180 Kilograms of Cocaine Base

PY2210191590 Madrid EFE in Spanish 1820 GMT 22 Oct 90

[Text] Lima, 22 Oct (EFE)—The Peruvian police have seized 180 kg of cocaine base aboard a small airplane that was about to take off for Colombia from a clandestine airfield in San Martin department. Five people were arrested according to police sources today.

The operation took place on 19 October in the Puerto Pizana region, about 30 km from Tocache. This region is a drug trafficking "red zone."

The police were alerted by the intelligence services and the operation was conducted using three of the nine DEA [Drug Enforcement Administration] helicopters that are used to support the Peruvian police in accordance with an antidrug trafficking agreement.

The airplane apparently belongs to a private Peruvian company, and it has been taken to the antidrug base in Santa Lucia, in that zone. The cocaine has been sent to the Interior Ministry in Lima.

The police did not disclose the identity or the nationalities of those arrested.

Economy Minister Reasserts Plan's Success

PY2210194990 Lima EXPRESO in Spanish 17 Oct 90 p 2

[Excerpt] In contrast to the current speculation in economic and financial circles on the possible consequences of a slightly rising trend in the level of consumer prices, Prime Minister Juan Carlos Hurtado Miller, who is also the economy minister, yesterday dismissed the possibility of a possible inflationary surge. He also denied the existence of any threat to the government's economic stabilization plan.

Although recognizing that flaws might be eventually spotted in the plan, Hurtado Miller asserted that the measures that have been adopted will not be changed. He

announced that complementary measures are being prepared to readjust, if necessary, the anti-inflationary policy. [passage omitted]

* Energy Sector, Expropriations Discussed

90SM0279A Lima EL COMERCIO in Spanish
11 Sep 90 p A-5

[Report on interview with Fernando Sanchez Albavera, energy and mines minister, by EL COMERCIO staff; place and date not given]

[Excerpts] Camisea To Be Major Project

"The Camisea gas project will fundamentally be developed with foreign investments. Here the definition is clear: National capital cannot be used except on collateral projects," says Minister Fernando Sanchez Albavera, expressing the current government's definitive stance on the matter.

He added, however, that since Shell discovered the deposit, it must be included.

In his view, separate agreements must be reached on major projects, particularly Camisea. It is first necessary to define what we Peruvians want Camisea to be and only then negotiate. "We know and it is very clear what Shell wants, but Peru has a specific, coherent proposal. We are working on that. What we want to determine is whether the project is to be developed as a whole or whether it can be broken down and completed in phases. We must also define the contribution of private investment, in what area of the project it will take place, what collateral projects would permit development of the region, the extent of government or private investments, and what the markets would be," he explained.

British-Dutch Shell discovered the enormous Camisea gas deposits on Lot 42 in the northern region of the Department of Cuzco. The discovery modified the country's energy resource potential and pointed to the urgent need to draft long-range energy prospects.

Nevertheless, various sectors and experts believe that development of the Camisea gas is based on short-range considerations and aimed toward the sole purpose of eliminating existing "bottlenecks."

Many others have stated that those who opposed the Shell contract to develop Camisea "were demagogues and opponents of the government deliberately bent on leading the country into an energy crisis."

There are two reserves: San Martin and Cashiriari. The latter is the larger of the two, with gas reserves of 10 X 10 ^{12} cubic feet. However, recoverable dry gas amounts to 10.8 X 10 ^{12}, or 70 percent.

There are also reserves of 970 million barrels of gas condensates or liquid from which one can extract 725 million barrels of a very attractive light petroleum of great value on the international market.

In short, dry gas amounts to some two billion barrels of oil, which, when added to the condensates, gives us about 2.5 billion barrels, a gigantic resource representing five times current proven oil reserves.

Sanchez Albavera is right in pointing out that this is the country's major project which "will mature more under the next administration than under this."

He predicted that the Camisea gas will revolutionize the country. "It is a project with tremendous regional impact. It is the great hope of replacing energy sources. It opens up export markets, and so on. That is why we suggest there should be agreement on Camisea, in order to prevent the project from being torpedoed, as are practically all petroleum contracts. Every time a contract is drawn up, someone opposes it. If we continue in this fashion, there will never be investment."

[EL COMERCIO] Then what can be done?

[Sanchez Albavera] I think negotiations must be transparent and that public opinion must be broadly informed. All negotiations must be made public and out in the open. There are too many secrets that lend themselves to misinterpretations. We are going to ask for—and let us hope we can get—an agreement with the UN Transnational Center to give its technical opinion on these contracts because they know all the technical contracting standards.

[EL COMERCIO] Perhaps certain adjustments will have to be made in the Peruvian-type contract.

[Sanchez Albavera] I don't think so. At least none of the contracting firms has asked for such a thing. The only thing they want is a coherent policy.

[EL COMERCIO] Is Shell's participation in the Camisea project to be definitively ruled out?

[Sanchez Albavera] I would say that Shell's participation in Camisea is very important. It should participate and the government's intention is for it to participate under suitable conditions, which does not presume exclusivity for Shell.

[EL COMERCIO] How long would it take for the gas to be here if we start now?

[Sanchez Albavera] In about three years at most, as with the Mobil Oil contract. Actually, everything we do now will benefit the next government. All the investment projects will mature under the next government, with the exception of other minor projects. The essential part will come under the next government.

PETROPERU in Chaos

With the alarming drop in proven reserves (some 430 million barrels) and its daily production also languishing (130 barrels a day), the country's oil picture is not very promising. The minister of energy and mines, economist Fernando Sanchez Albavera, knows this perfectly well

and does not hesitate to point out that all the great projects begun or activated under this government will mature and become possible under the next administration. Only a few minor projects now underway will bear fruit.

Without question, he said at the meeting held with the EL COMERCIO news staff, we must move toward a more rationalized use of fuels. The existing production structure and energy consumption in the country are not in keeping with the energy resources we have. In practice, we are not using the energy potential we have, which causes distortions affecting our economy in different ways (balance of payments, supply, shortage of energy resources, high energy costs, and so on).

"We must change our fuel consumption habits and look to alternative energies other than oil, such as water power, coal, gas, the wind, solar, biomass, and so on."

The scandalous squandering of fuel, the minister said, due to excessively low prices more than anything else, finally led to the bankruptcy of PETROPERU.

[EL COMERCIO] In what condition did you find the hydrocarbon sector? Specifically, how is PETROPERU doing?

[Sanchez Albavera] It is absolute chaos. To pick but one aspect, maintenance at PETROPERU does not meet international requirements. The situation is a disaster. Moreover, none of the enterprises in the sector has the capacity to handle its minimum inventory needs. They have practically no inventory. All the companies live from day to day, buying just what they need.

[EL COMERCIO] And who is to blame for this?

[Sanchez Albavera] I would say fuel rates and prices and the rate of exchange. PETROPERU received about $.12 and its operating cost was approximately $.55 to $.58. No company in the world can operate under such conditions. It stopped paying OXY [Occidental Petroleum]. It stopped paying the tax and the oil surtax. We found a debt already paid of 245 billion intis in the name of regionalization.

[EL COMERCIO] Was there tax evasion?

[Sanchez Albavera] Yes. Curiously enough, PETROPERU was forced to make exchanges in order to avoid paying the import tax. In this way, since it was a swap, the payment in question was avoided. We found companies in the sector that do not pay taxes because they have tax debts. PETROPERU has tax debts, just as CENTROMIN [Central Peru Mining Enterprise] cannot get equipment out of customs because it has no money to pay import taxes. Peru Iron has short-term debts and will be seized by the government, by the Tax Superintendency. In this connection, it froze PETROPERU's account a week and a half ago.

[EL COMERCIO] How can we explain this? Vidaurre against Vidaurre?

[Sanchez Albavera] Indeed. I think we have gone crazy. We set inadequate prices, rates, and an exchange rate for the companies, force them to pay taxes, and then seize them. The kingdom of waste.

Sanchez Albavera says all this leads one to think that if the Ministry of Energy and Mines does not intervene in the setting of prices, rates, rates of exchange, tax provisions, and so on, there is no possibility of development.

[EL COMERCIO] Are you working on tax matters and other aspects?

[Sanchez Albavera] We are moving forward, but not necessarily under optimum conditions. But if there is no tax reform enabling us to reduce taxes on the price of fuel, then we shall truly aggravate our problems. In addition to this, there is a whole series of immediate difficulties that can be handled with circumstantial solutions. For example, PETROPERU cannot be extending credits for fuel for the Armed Forces, Aero Peru, and the electric companies. Who pays PETROPERU? Who stands behind these credits? What is these companies' ability to pay?

[EL COMERCIO] In the end, what will happen to PETROPERU? Will the government continue to get the biggest piece of the pie?

[Sanchez Albavera] PETROPERU needs an economic policy giving it the ability to invest in exploration and the development of production. That has not yet been achieved. The only thing we have done is place the rate at a level permitting minimum maintenance of operating costs. We now have a team making a study of the company in order to put its production on a par with international costs. This would be part of the company program and the rationalization of costs.

[EL COMERCIO] Is there any possibility of its being privatized?

[Sanchez Albavera] PETROPERU will remain a government-owned company. I do not think anyone has any interest in taking over PETROPERU, so let us not talk about unrealistic hypotheses. Today no one would invest in PETROPERU.

[Sanchez Albavera] Then how will you get it on its feet?

[EL COMERCIO] We must provide PETROPERU with the best possible operating conditions. Now then, I do not rule out the possibility of private investment in refining, for example. If we can get PETROPERU to compete with other companies in gasoline, fine, but in order for this to be feasible, we must first of all depoliticize the price of gasoline. Anyone coming here to invest has no guarantee of what price he will receive.

[EL COMERCIO] At the end of the term of the last government, only one well was drilled. What are your plans?

[Sanchez Albavera] To continue with Chambira in the very near future.

Burden of Litigation With Foreign Companies

[Passage omitted] PETROPERU is involved in a number of litigations with foreign investors, for example, the problem of Belco with Associated International Group, an insurance company that has already canceled the insurance.

"Peru has been sued by the government of the United States over its suspension of the general system of preferential tariffs. That is a very serious problem and the problem is that we do not have the money to pay."

[EL COMERCIO] Legally speaking, has Belco been expropriated or not?

[Sanchez Albavera] Right at this moment, Belco has not yet been expropriated. Our desire would be to reach a settlement recognizing the expropriation. The case presents curious extremes. For example, the automobiles of PETROMAR [Peruvian Offshore Oil Enterprise] are in Belco's name. Every time one of them is involved in an accident, Belco's representative has to go verify proof of ownership. That is how bad things are.

Other problems include a dispute with Southern over overpayment and with Occidental over payment of PETROPERU's debt to contractors. In short, there is a whole series of disputes with foreign investors, including Shell, and if they are not sol ed, we have no possibility of arranging any major project in this country.

Refining

[EL COMERCIO] It has been said that foreign capital will be allowed to come in in the area of refining, but there is an order prohibiting foreign investments in this field.

[Sanchez Albavera] That provision is part of the Antimonopoly Law which applies to both public and private firms. In other words, public enterprises that enjoy monopolistic conditions must receive the same treatment as private firms. Rather than monopolistic conditions, let us say situations of special participation in the market, price agreements, all of which would be governed by the Antimonopoly Law.

[EL COMERCIO] The Armed Forces have apparently exercised preponderant influence over the determination of oil contracts. Will that type of veto continue?

[Sanchez Albavera] I do not think it is a bad thing to have the opinion of different institutions on such delicate matters. The essential thing is that they not delay in issuing such opinions. No type of veto in fact exists. The Armed Forces are on the same footing as other institutions in giving their opinion and it is right that this should be so. The problem is that the procedure must be more flexible.

[EL COMERCIO] Will the current gas price continue at least until the end of the year?

[Sanchez Albavera] Speaking in dollars, the goal is to reach the stated price of $1.50 or more.

* Lima Unemployment Figures Detailed

90SM0279B Lima EL COMERCIO in Spanish 11 Sep 90 p C-12

[Report by Marco Mendez Campos]

[Text] "Looking for the job lost" could well be our country's motto today, particularly in Lima, where the figures are truly disheartening: In 1989, 1.8 million workers joined the ranks of the unemployed and underemployed and, according to projections of the Ministry of Labor, that figure has now gone over two million.

Some 200,000 persons can find no work at all, while another 1.6 million, while having jobs, cannot earn enough to meet their basic needs. These are the underemployed.

For a city of nearly 6.5 million inhabitants, unemployment and underemployment levels are part of the reason why 3,874,000 persons are classified as "poor," 2.51 million of these "indigent."

Poverty has spread due to the lack of work. In just two years, the percentage of persons adequately employed dropped drastically from 60.3 (1987) to 18.6 (1989) percent.

Equally or even more disturbing is what has happened in the underemployed category: 73.5 percent in 1989 and 34.9 percent two years later.

The concept of underemployment, as defined by the Ministry of Labor, includes any person who, while working 35 or more hours a week, does not earn enough to feed a family or who, while working less than 35 hours and earning less than the amount stated, wants to work more hours.

Adequately employed means those earning over the amount stipulated. Last year, while out of an economically active population (EAP) numbering 2,241,630, 1,647,598 were underemployed, many more joined their ranks this year because, at present, how many earn more than the minimum stated?

Our country's employment problem is disturbing, not only because of the numbers, 7.9 percent, but rather, the rapid trend in underemployment, which reflects the deterioration in levels of income and shows the constant erosion and declining value of personal work.

At present, to be unemployed is a luxury. Unlike other countries, we do not have unemployment insurance, meaning that no one wants to remain idle. Everyone prefers to be engaged in some activity, but most types are relatively unproductive and when they do produce income, it is scant.

The number of jobs available is growing, but hiring is very slow, particularly in the modern sector. This results in growth of the informal sector, where we find 84 percent of all nonsalaried workers.

Last year, the unsalaried EAP grew faster than the salaried EAP: 4.5 vs 3.1 percent.

However, it is not enough to work. We must also consider under what conditions and whether those conditions enable one to live decently.

Lack of synchronization between the supply and absorption of the work force necessarily affects working conditions for a large portion of the EAP. This vast labor pool must work under unfavorable conditions in terms of income.

For reasons only too well-known, the Peruvian economy has been reduced to rags. The scraps can no longer cover the vital socioeconomic spaces of our society.

One of the most terrible sequels of poverty has now been exposed: the employment crisis, in which we observe steadily deteriorating occupational levels, marked by instability and poor pay.

The recession, fiscal deficit, negative balance of payments, and many other reasons are advanced by economists and politicians to explain the situation.

And yet, for the great majority of the people, 60 percent of all Lima residents classified as poor and 459,000 of whom are children, there is no time, energy, or resources to be wasted on conceptual logic. Hunger, disease, unemployment and underemployment allow no room for it.

Uruguay

Businessmen Upset Over Iraqi Embargo's Losses

PY2210152090 Madrid EFE in Spanish 2202 GMT 21 Oct 90

[Text] Montevideo, 21 Oct (EFE)—Several Uruguayan exporters and industrialists announced today in Montevideo that they will take legal action against the state due to the losses they have suffered following the UN-imposed economic embargo on Iraq, which Uruguay is observing. The United Nations ordered the blockade after Iraq invaded Kuwait on 2 August.

The newspaper EL DIA of Montevideo reported today that exporters noted that they had signed contracts with Iraq to sell 12,000 tons of beef worth $17 million as well as a deal to export rice. The terms of this deal were not revealed.

The Uruguayan Government estimates the losses caused by the embargo of Iraq at $30 million, while the businessmen say the losses total $50 million. Uruguay regularly sells Iraq beef, cereal, butter, and other products, in some cases exchanging goods for oil.

The cancellation of the beef contract greatly affected a cold storage house in Durazno Department, which was forced to dismiss 450 workers.

Uruguayan Foreign Minister Hector Gros Espiell recently announced that the Uruguayan Government is negotiating with Saudi Arabia and the United States to sell the beef that was to be purchased by Iraq. This beef could be sent to the U.S. military troops stationed in the Persian Gulf and the Saudi desert.

Foreign Minister Ratifies OAS Protocol

PY2210163090 Montevideo EL DIA in Spanish 7 Oct 90 p 10

[Excerpt] On 2 October in Washington, Uruguayan Foreign Minister Hector Gros Espiell ratified the "Cartagena de Indias" protocol, which introduces several reforms to the OAS Charter.

According to government sources, "the general guidelines of the reform are part of a modern trend to substitute the International Law of Coexistence for the International Law of Cooperation, based on the historical fact that a lack of cooperation prevents simple coexistence."

This protocol was signed by the Uruguayan Government in 1985 and sent to Congress for ratification during the last congressional term. When approval was granted again last June, the protocol was passed by Congress and then proclaimed by the executive branch on 28 September. [passage omitted]

Accord With Venezuela Reduces Customs Fees

PY2210180090 Montevideo EL DIA in Spanish 6 Oct 90 p 11

[Excerpt] Diplomatic sources reported yesterday that within the framework of the terms of the Latin American Integration Association (Aladi), Uruguay and Venezuela have agreed to reduce customs fees by 50 percent on some 240 products in an attempt to invigorate the countries' limited bilateral trade.

Aside from the oil that Venezuela has sold to Uruguay at various opportunities, trade flow between the two countries totaled only $2.9 million in 1989. Most of this trade has been carried out outside of Aladi agreements.

In the trade expansion agreed upon at Aladi headquarters, Venezuela granted 130 concessions to Uruguay and Uruguay granted 110. Current customs fees have thus been reduced by 30 percent, the sources reported. [passage omitted]

Loss of Purchasing Power, Unemployment Gain Noted

PY1910144290 Montevideo Radio El Espectador Network in Spanish 1100 GMT 19 Oct 90

[Summary] The National Statistics and Census Department has reported that the purchasing power of salaries

and wages has fallen 13.7 percent during the first eight months of the year. At the same time, the unemployment rate increased by 0.5 percent in August and now stands at 9.16 percent.

1989 Foreign Debt Service Reported

PY1910115490 Montevideo EL DIA in Spanish 5 Oct 90 p 11

[Summary] A study on Uruguay's foreign debt by the Economic Commission for Latin America has noted that this country paid $552 million to cover the amortization and interest on its foreign debt in 1989. This is Uruguay's highest payment total since the onset of the foreign debt crisis in 1982.

Venezuela

Nicaragua's Chamorro Seeks Aid To Solve Debt

PA1910174190 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 19 Oct 90

[Text] Nicaraguan President Violeta Chamorro has said that she came to Venezuela with empty hands, seeking aid to solve her country's debt problem.

She began her official visit to our country by placing a wreath on the tomb of the liberator, Simon Bolivar. She then went to the National Congress, where she was welcomed by congressional leaders. After that, she and her delegation met with former President Luis Herrera Campins and other prominent national figures.

The Nicaraguan president kept expressing her faith in the moral and financial support Venezuela may grant Nicaragua in view of her country's serious economic situation. She expects to obtain funds to solve financial problems and to refinance Nicaragua's oil debt with Venezuela.

[Begin recording] [Reporter] What conditions do you think you might obtain for the refinancing of the oil debt?

[Chamorro] Whatever President Perez wishes.

[Reporter] Is this the same request you have made in other countries?

[Chamorro] I beg your pardon?

[Reporter] Is this the same request that you have posed to other countries?

[Chamorro] Yes, it is the same request. Let us see what other tokens of friendship we can have. [end recording]

Former President Herrera Campins expressed solidarity with the Nicaraguan President and said that he trusts her visit will have positive results.

[Begin Herrera recording] I want to wish you the greatest success during your visit, in view of the many obstacles and social and economic difficulites your country is experiencing during its transition to democracy. [end recording]

Despite her concern for her country's economic situation, which has forced her to take trips to friendly countries, Violeta Chamorro does not hide her satisfaction over having reached a consensus among all of Nicaragua's political forces.

Government To Buy Back Part of Foreign Debt

PA2010024790 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 17 Oct 90

[Text] Tomorrow in New York, Venezuela will swap its current debt for a new one, exercising its option to buy back its debt. In this swap, the Venezuelan Central Bank will contract with international banks a debt totaling $1.4 billion, by issuing securities—with collateral put up by the international financial community— that will be due in 91 days. Venezuela will also tomorrow give Japan's creditor banks $360 million to buy back approximately eight percent of its $20-billion commercial debt, at a 55-percent discount of its face value, as was agreed in a restructuring package signed in August.

Lamas Leads Trade Delegation to Romania

WA2210180590

For Romanian reportage on the visit by Mrs. Aida Josephina Lamas, ambassador, director-general of the Trade Institute of Venezuela, to Romania, including reports on her talks with Romanian Prime Minister Petre Roman and the joint Romanian-Venezuelan Governmental Commission of Economic and Technical-Scientific Collaboration, please see the Romania section of the 22 October East Europe DAILY REPORT and subsequent issues.

Guyana

Government Rejects Election Fraud Allegations

FL2210150690 Bridgetown CANA in English 1713 GMT 21 Oct 90

[Text] Georgetown, Guyana, Oct 21, CANA—The Guyana Government has rejected charges of electoral fraud made in a recent report prepared by Americas Watch, a United States-based human rights organisation. Guyana's state-owned CHRONICLE newspaper said the government rejected the report as being "factually inaccurate, singularly lacking in professional objectivity, and replete with undocumented assertions."

The report released last week said Guyana stood at a human rights crossroads and charged that since independence in 1966, massive systemic electoral fraud had denied the Guyanese people their right to freely elect their government.

The CHRONICLE quoted the government as saying the report "obviously panders to opposition political party propaganda and is a calculatingly provocative document."

"The entire performance, demeanour, and reporting of the Americas Watch personnel, has proved to be little short of disgraceful, and can serve no useful purpose in furthering the advancement of democracy in Guyana," the government contended. "The Government of Guyana rejects this report and is satisfied that it disqualifies Americas Watch from making any useful contribution in Guyana."

Army Chief Promises To Respect Election Outcome

FL2210233090 Bridgetown CANA in English 2310 GMT 22 Oct 90

[Report by Courtney Gibson]

[Text] Georgetown, Guyana, Oct 22, CANA—The acting commander of the Guyana Defence Force on Monday promised that the army would respect an opposition victory at the forthcoming general election. Brigadier Joe Singh was responding to reports that the opposition had voiced fear that the army was unlikely to accept defeat for the ruling People's National Congress (PNC).

"The army has a constitutional role," he told reporters. "Our loyalty is first and foremost to the requirements of the constitution and we will carry out our professional responsibility." Singh, who assumed command of the army earlier this year, added: "Whatever government is in power, once that government has been elected by the citizens of this country, our duty and responsibility is to that government—the government in power. I have no doubt that whatever government is in power after the elections will get the same type of support and loyalty as the current government".

Responding to questions about the the army's role in the forthcoming elections, Singh said the army would not be involved in the routine aspects of the elections. The army's role at past elections has been severely criticised, with opposition parties alleging that it helped facilitate widespread rigging by the PNC, which has been in power since 1964.

Singh said whether the army stayed in barracks on polling day would depend on the "environment" at elections time. "If there is a climate of peace and stability, certainly the army will maintain a very low profile and apart from soldiers being afforded the opportunity to vote, we will not be involved in any way which is not at the request of the Elections Commission", Singh said.

Stressing that the army will not be involved in the routine aspects of the elections, Singh added: "We will not have soldiers at polling places. We will not be transporting ballot boxes. We will not be involved in any way outside the terms laid down by the Elections Commission". He stressed, however, that if the Elections Commission felt there might be problems in particular areas, it might require the army to reinforce the police who had a constitutional responsibility to ensure that polling took place in a climate of peace and stability.

"Our constitutional role requires that if the police are stretched out, or if, for some reason, there is likely to be a disruption, then the army will ensure that it is in a position to render support", Singh said. "Our role is to give support when such support is requested", he added.

Treason Charge Against PPP Activist Dismissed

FL2010183290 Bridgetown CANA in English 1804 GMT 20 Oct 90

[Text] Georgetown, Guyana, Oct 20, CANA—Neville Wordsworth, one of three activists of the opposition People's Progressive Party (PPP) charged with treason, was freed by the Guyana High Court Friday. The surprise move came after the special prosecutor indicated that the state was discontinuing proceedings against him.

Senior counsel Rex Mc Kay had completed leading evidence in two trials within the trial to determine the admissibility of statements said to have been made by Bhoj Pertab Singh, 40, and Karran Persaud Deokarran, also charged with treason. Mc Kay told the court being presided over by Chief Justice Rudolph Harper that even if Wordsworth's statement were admissible "it will not amount to treason and that is the only evidence against him."

In response, Justice Harper instructed the mixed jury to return a formal verdict of "not guilty" against Wordsworth. Wordsworth has been in jail since May last year.

The trial resumes Monday when the defence counsel will address the court about the admissibility of the statements made by Singh and Deokarran. The state's case against the two men rests heavily on the two statements.

The state is alleging that between February and May last year, the PPP activists formed an intention to overthrow the Guyana Government by force. The state claims the accused trained a number of people in the use of firearms and in making explosive devices; conspired with persons unknown to train people in physical exercises and drills, and took an oath to overthrow the government by force.